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# East Europe Report

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28 February 1986

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## DATA ON CONSUMER CONSUMPTION PUBLISHED

Budapest NEPSZAVA in Hungarian 9 Oct 85 p 9

[Article by Zsuzsa Gal: "Data Contributing To the Character Sketch of the Consumer"]

[Text] If we know what someone spends his money on--how much he spends on food, and how much on making his home comfortable, if he travels by car, or uses the bus, how much is spent on alcohol, and how much is left for books and theater tickets--then we already know a lot about the person, and we can assume much more. It is similarly useful to overview this on a national level, for which the Central Statistical Office has provided the opportunity in its just released publication entitled Statistical Yearbook of Domestic Trade, 1984. Having selected some data from this, we are quick to form a picture of how the consumer habits of the population have changed and how price structure influenced consumption last year, as well as in the previous years and decades.

In the long run, the chart of our consumption is definitely and unquestionably curving upward: last year retail trade sold five times more products than in 1950, and in such a way that practically every year there was an increase in trade, that is trade based on quantity, indicating sales isolated from price rises.

#### Ten Times As Much Goods

Yet taking the whole, and now we are only examining the last quarter of a century, the marketing, and purchasing of certain major commodities has grown with a varying degree of dynamism. The so-called miscellaneous industrial items, the bulk of which comprise hard consumer goods are leading the way by far; last year we acquired ten times as much in this category as we had 25 years earlier. Trade in foodstuffs trailed slightly behind the average growth, while clothing goods trailed by a greater margin. This tendency also characterized the year 1984.

The reasons are rather obvious. First of all, every family has to eat and live somewhere; the remaining portion of its income it essentially spends freely. Since during the past quarter of a century the opportunity has arisen for furnishing homes built in large numbers and for mechanizing households, it was in this period that mechanization could spread; it is natural that the bulk of the income spent freely by households went for washing machines, refrigerators, furniture, televisions, taperecorders, and last but not least for motorcycles and automobiles.

## Technology Became Paramount

Presumably contributing to clothing purchases having lost their standing is the fact that supply did not keep up with the fashion, but also that people ascribe less importance to dress. Although a suede fur-coat costs less than a color television, the latter has become far more sought-after in today's Hungary. Nowadays jeans and denim jackets are acceptable wear for almost every stratum and age-group. In the restructuring of values, the stereo system, the VCR, the automobile--or on a more modest level the electric refrigerator, vacuum cleaner, the digital watch, the pocket calculator--i.e. technology, has come to the forefront.

Let's see some data on this. In 1984 the population of the country spent (see Figure 1) only a total of 57.9 billion forints on clothing, but almost four times as much, 220 billion forints, for the purchase of other industrial consumer items.

## Improving Proportions

If we take the total of our money spent in stores in 1984 as 100, then out of this we spent: (see Figure 2)

In other words: out of 100 forints we ate and drank away 42 forints, while we bought industrial goods with 58 forints. This proportion--the proportion between foodstuffs, consumer goods, and industrial goods--is gradually changing in favor of the latter ones; in the 1960s more had to be allotted for food and drink and less remained for industrial goods.

These averages, these long-range curves in the development of consumption, do not yet show any sign that the population's standard of living would have stagnated or decreased during the past few years. If we examine the statistics in a little more detail, it is evident that in recent years we have endeavored to economize: We were compelled to.

## Frugally

If we asked 100 housewives what category of expenses is easiest to cut, probably 100 of them would answer: Food, of course! Certainly, this is the easiest; because it is possible to devise for the family an ample and good-tasting meal for 200 forints, after which everybody gets up from the table satisfied, but it is also possible to arrange at home a feast whereby we leave several times this amount at the butcher's, the green grocer's, and the market.

The statistical reports allow us to conclude that in recent years we eat in restaurants less often and that we generally put together our menus at home out of cheaper ingredients. Last year, for example, 8 percent less meat and 10 percent more poultry was sold in shops, probably because the latter was much less expensive. Luckily chicken is not less valuable; on the contrary, it is healthier than greasy pork. We can say the same thing about fish, whose sale has also increased greatly in the 1980s; it is rich in protein and healthful nutrients.

## More Dairy Products

Less fortunately, the sale of eggs and milk decreased somewhat last year--at least, looking at quantity, less was consumed. However, as a result of the growth in prices, we spent more on these two important foods than in 1983. On the other hand, the consumption of dairy products and butter also grew in volume. Sugar became more expensive, we bought less of it, which is not a problem, if we look in the mirror--the number of overweight people is above 3 million--and it is especially not a problem if we listen to the doctors, who assert that sugar provides empty calories; that is, it is fattening, but does not provide nourishment, thus it is worthless.

## Decline In Vitamins

Our intake of food has not become healthier, due to the fact that in recent years we have bought increasingly fewer vegetables and fruits. Not counting tropical fruits, of which shops sold 13 percent more last year than one year earlier, it is a sad fact that last year the sale of potatoes declined by 10 percent, vegetable and fruits by 20 percent. We can console ourselves by saying that more and more people are eating what they grow themselves, that this year more was delivered to the markets and the price level was lower, so the statistics will get better, too. Nevertheless, it is frightening, but it can be confidently assumed that last year's decline in the consumption of vitamin-rich foods was primarily a result of frugality.

## Mr Alcohol

One becomes less inclined to have sympathy, however, when in the course of perusing the data one finds that in spite of the fact that the price of alcohol is rising, its consumption is not decreasing; on the contrary, it is climbing. Just look at the huge amounts of money we poured down our throats during the past 15 years. (see Figure 3)

Since we can safely add together consumption in stores and eating establishments, we can state the sad fact that last year more than 50 billion forints worth of alcoholic beverages were consumed--not taking into account "private production." How much is 50 billion? It is almost as much as what the people of the country--including infants--at the same time, that is in 1984, spent on clothing. This is certainly a perversity of the consumer structure, resulting primarily in harm to the national economy, and diseases and family problems caused by alcoholism.

The 1984 domestic trade yearbook also publishes retail price indexes. It is evident from these that since 1970 prices based upon the major commodity groups have on a whole doubled; those of foodstuffs, consumer goods, and miscellaneous industrial goods were 200 percent higher in 1984 and those of clothing goods were somewhat lower in 1984. The yearly price level growth was highest--9.7 percent--in 1979, but last year's 8.5 percent rise could qualify as unusually high. The years 1977, 1978, and 1981 were more moderate, when the retail price index was 4-5 percent.

Well, what became more expensive? Almost everything. It is simpler to mention those few products which were cheaper last year than in 1970. Such are, for example, hosiery, socks, and pantyhose. The price index of this price group has also risen since 1980, when--as compared to 1970--it was only 7.5 percent, while slowly it crept up to last year's 93.5 percent level.

Looking at it in the perspective of 15 years, the 1.3 percent increase in the price of the household refrigerator may be viewed as negligible, although its price index was lower--95 percent--earlier, in 1978 and 1979. During 15 years, telecommunications equipment increased modestly, by 11 percent, and the price of woolen cloth by 16 percent.

#### There Are Things Which Became Cheaper

At the other end of the scale, among those commodities which have gotten more expensive to the largest degree are petrochemical products (526 percent as compared to 1970), watches, jewelry, costume jewelry (478 percent), followed by women's shoes (326 percent) and men's shoes (290 percent). Bicycles and children's shoes have gotten more expensive to almost the same degree.

Foodstuffs show the steadiest average price index at 200 percent. Again a few examples, where the 1970 price is listed first and after it that in 1984: bagged milk with 2.8 percent milkfat 3.30--6 forints; ewe-cheese 33--61 forints; margarine 29.70--53 forints; skinless wieners 42-79 forints; Gyulai sausage 80--168 forints; clean rice, unpolished, 16--32 forints; dinner rolls 0.40--0.70 forints; sugar 9.80--22.50 forints; Christmas tree candy 62--130 forints; table salt 2.40--5.80; un-bottled table wine 14.50--28.50.

Of course among foodstuffs there are also some which have gotten more drastically expensive--for example, pork chops, leg of pork, coffee--and those which have gotten less drastically expensive, these are for example most cheeses, sour cream, cottage cheese, noodles, lard and bacon.

#### Uncontrolled Price Is Not At Fault

One would assume that among the goods belonging to the various price forms the goods with uncontrolled prices would have gotten more expensive most radically, while those with fixed prices would have gotten more expensive to a more moderate degree. Statistics do not unanimously attest to this assumption. For example, in 1983 miscellaneous industrial goods with fixed prices became more expensive by 21 percent, while the products falling into the uncontrolled price category became more expensive by an average of 7.3 percent. In the following year, in 1984, a price rise of 9.8 percent resulted among foodstuffs with fixed prices, while those belonging to the uncontrolled price category grew by 8.7 percent. Let's add: taking as 100 the whole list of commodities bought by the population, in both years those commodities belonging to the free price form comprised 53, in other words, the majority of commodities belonged to this price form, and only 18 percent of them were fixed, 23 percent had price ceilings, and 6 percent had so-called controlled pricing.

#### European Data

As a comparison it is worthwhile to turn to that chapter in the yearbook which indicates the price trends in the countries of Europe up to 1983. We can see here that during the last year discussed, 1983, prices grew, as compared to 1982, by 2 percent in Bulgaria and by 1 percent in Czechoslovakia; in the GDR and the Soviet Union it did not essentially change, and while Hungarians experienced a 7 percent price increase, there was a 20 percent price rise in Poland and one of 41 percent in Yugoslavia.

Among the capitalist countries in the same year, there was an inflation of 20.5 percent in Greece, 14.6 percent in Italy, 9.6 percent in France, 8.9 percent in Sweden, 8.5 percent in Finland, and 8.4 percent in Norway. Earlier, in the 1970s the yearly price rise was in the double digits in England, Finland, Greece, Italy, and even in Sweden. Austria, Belgium, Holland, Switzerland, and the FRG weathered the past decade and a half with more modest increases in prices.

Examining the columns of figures we reach the conclusion that during the past 15 years the purchasing conditions have not improved much, and in certain respects even deteriorated. Neither the expansion of the shop network nor growth in their staffs has kept pace with the growth of commercial activity.

#### Who And Where They Will Serve You

As compared to 1970 the retail trade of commodities has quadrupled, at least figuring it in forint value. During this time, the area occupied by shops, however, has grown from 5.1 million square meters to only 8.4 million square meters, while the number of workers in stores, shops, and restaurants rose from 240,000 to 292,000. Of course, in the meantime more and more shops were transformed into self-service forms: while in 1970 a total of only 35 percent of the commodities were sold in a modern retail fashion, last year 56 percent of the retail trade was conducted this way.

Finally, while leafing through the publication of the Central Statistical Office, one gets the general impression that while prices have risen significantly, shopping conditions have become more uncomfortable and inconvenient. Strictly speaking, we can't be surprised at this, since the rise in prices produced only a modest profit for the commercial enterprises, and the changing regulatory system generally syphoned off even this; in this way it is understandable that the network of shops and the staff could only be developed moderately.

It seems, however, as if the consumer is defying all of this: In spite of the more difficult living conditions and the higher prices, as well as the increasingly congested shops, he is purchasing more goods.

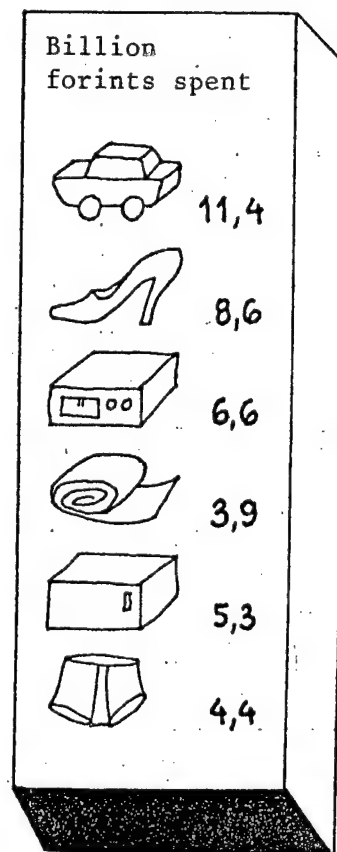


Figure 1. While for clothing we spent 57.9 billion forints, on other industrial items we spent nearly 4 times as much: 220 billion forints.

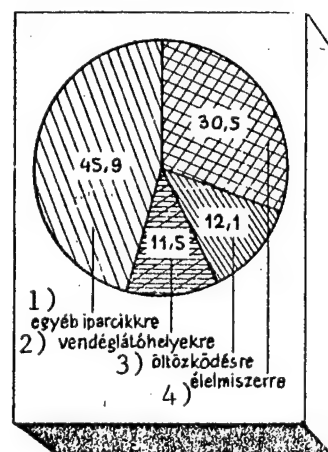


Figure 2.

- Key:
1. 45.9 percent for miscellaneous industrial items
  2. 11.5 percent in eating establishments
  3. 12.1 percent for clothing
  4. 30.5 percent for foodstuffs



Figure 3.

- Key:
1. The Sale of Alcoholic Beverages
  2. In stores
  3. In eating establishments
  4. At current price/billions of forints

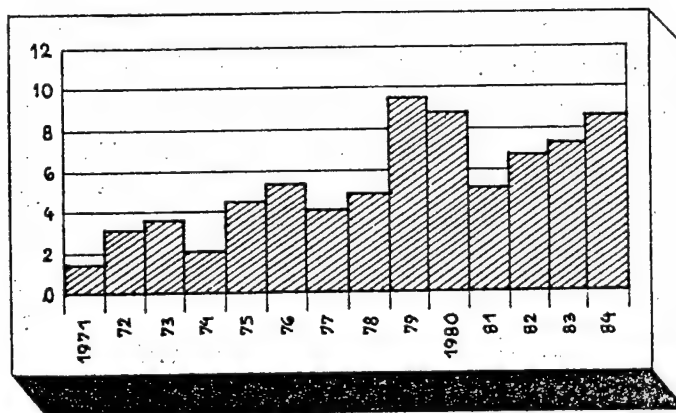


Figure 4. Commercial Price Level Trend.

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## 1986 ANNUAL PLAN TRADE GOALS ASSESSED

Warsaw RYNKI ZAGRANICZNE in Polish No 146, 5 Dec 85 p 8

[Article by Mateusz Kujawa: "CPR Assumptions for 1986"; first paragraph is RYNKI ZAGRANICZNE introduction]

[Text] The Council of Ministers has passed the National Annual Plan, the document defining the social and economic goals for 1986. An integral part of the CPR resolution is its four annexes in which the central planners have included reports on the forecasted indicators of economic development and the principles of materials procurement (including national balances) and have made a very detailed specification of the "rules of the game," i.e., the instruments for steering the economy. Problems of import and export, tasks in the field of foreign trade and its role in shaping the growth rate and questions related to the steering of international trade occupy a prominent place in this legal document.

It should be stressed from the outset that the entire CPR document is very consistent in accenting the need "to increase Poland's share in the international division of labor, particularly within the framework of the Council of Economic Mutual Assistance, towards increasing export and raising the level of its effectiveness." This emanates from the recognition that an increase in foreign trade is one of the most crucial factors for accelerating the rate of improvement of economic effectiveness and for enabling the rapid attainment and strengthening of economic stability. In this way, the role of the foreign trade factor in the aspect of stability on the domestic market and capital spending stability is also perceived.

The scale of the tasks laid out in the National Plan for 1986 in export and import is most readily assessable if we compare relative volumes and trade growth indicators not so much with the plan for the current year as with the estimated values that really will be attained in 1985. As is known, very substantial differences unfortunately exist between these base values, especially in the area of trade with countries from the second payments area.

The total value of export in 1986 should amount to 1.8785 trillion zlotys. This represents an increase in volume of 3.7 percent over the anticipated results for the current year. Meanwhile it is expected that during the current year the growth rate of export in constant prices will be less than 1.5 percent.

Given this, how should we assess the goals of the plan for next year? Should we compare the growth rate of export with the planned growth rate of the national income, which is to range between 3.1 and 3.4 percent, or should we consider 1985 results to be a more reliable point of reference? Meanwhile, import is to grow next year by 2.4 percent to 1.7035 trillion zlotys. Evidently, the central planners assume that the income flexibility of import will be less than one unit. The multiyear average value of the index of import flexibility oscillates around 1.5, although of course there were years during our postwar history when it was close to zero. Let us also add that in the current year, the increase in import volume compared with 1984 probably will amount to more than 3 percent.

In general, however, reports on the relative values and growth rate of export and import may be viewed as auxiliary or as leaving less to the imagination. Data on assumptions in the particular payments areas seem to be more concrete. Here it should be realized that the figures on trade with the first payments area represent not only our assessment of the potential for buying and selling goods and services next year, but likewise a very close comparison with the plans of our partners. For the most part, they emanate from the decisions adopted during the coordination of multiyear socioeconomic plans with CEMA states and from the far advanced coordination of annual trade agreements.

According to the CPR, the growth rate of the volume of trade with the first payments area will be considerably greater in 1986 than the growth rate of trade with the second payments area. In export to the first payments area, an increase of 5.7 percent over the expected results for the current year is envisaged, while an increase of 6.6 percent is projected in import. Expressed as foreign exchange, the value of export should amount to about 10 billion rubles next year, and the value of import should be less than 10.8 billion rubles. For this year, the respective values are estimated at approximately 9.2 billion and 9.8 billion rubles. It is easy to calculate that the growth rate in current prices will be higher and will reach 108.3 percent in export and 109.5 percent in import. The given assumptions of trade volume with first payments area countries show that there will continue to be a negative balance in this trade and that next year it will be about 200 million rubles higher than this year's deficit.

It should be stressed that the plan assumptions strongly stress the need for a great increase in export in the area of products covered under agreements on long-term specialization and co-production, as well as joint research-development ventures. The resolution likewise indicates the need to intensify present-day forms of cooperation with CEMA countries in the form of the development of direct enterprise contacts, the creation of joint ventures, the comprehensive implementation of capital spending projects and the cementing of economic ties in border areas.

The foreign trade minister has been authorized to exceed the level of trade projected in the first payments area in the CPR within the framework of multilateral trade through the implementation of compensating or barter transactions. With regard to the steering of trade in both payments areas, the resolution likewise stresses the need for the ministry to exert influence

over the structure of export by replacing raw materials with highly processed products, in order to increase export efficiency. The resolution likewise indicates the need for the ministry to cooperate with parent agencies to develop services in the areas of product upgrading trade, transport and tourist services and the improvement of the "terms of trade" in both payments areas.

The tasks set by the CPR for 1986 in turnovers with the second payments area will amount to less than \$6.3 billion in export and less than \$4.8 billion in import. This means that next year trade volume should be 1.7 percent higher in export and 2.7 percent lower in import than the estimated results for this year. The growth rate indicators shape up somewhat differently in current prices: in export the increase is less than 4 percent, and the value of import remains at approximately its 1985 level.

Once again, for a better assessment of the significance of such tasks, we may compare them on the one hand with the indexes for the current year ( a decline in export of 3.3 percent compared with last year and an increase in import of 3.8 percent) and, on the other hand, with the planned increase in the national income for next year (remember: ranging from 3.1 to 3.4 percent) or the planned increase in industrial production (3.2 to 3.6 percent).

It seems, however, that several supplementary indexes and pieces of information on turnovers with the second payments area contained in the document on next year's CPR lead to more concrete conclusions, especially the assessment of a provision concerning the levers for steering the implementation of the plan found in annex no 3. Above all, let us mention that the more than \$1.5 billion positive balance planned for next year will be more than \$250 million greater than this year's surplus of export over import. In this way, the principle of designating about 25 percent of the income obtained from export for foreign debt servicing is preserved.

About half of the import from the second payments area next year will be implemented using centrally distributed funds, while the remainder will be financed through exchange and tied-in transactions and from allowances from domestic export, as well as from the prime funds of enterprises in which funds emanating from ROD's have the greatest share. In 1986, a foreign exchange fund at the disposal of the minister of agriculture and the food economy will be created. Income into this fund will emanate from a part of the funds obtained from export to the second payments area over and above the planned volume of products taken from a list to be drawn up by agreement with the foreign trade minister and the finance minister. In order to accelerate the turnover of agriculture-food items, this fund will aid the import of raw materials, materials and spare parts for the food economy. The detailed procedure for the operation of this fund is to be developed in the near future by the three interested ministries. It is expected that this will contribute to the rationalization of the structure of foreign trade turnovers in the agricultural-food commodities area.

Among the other specific provisions of the CPR resolution for 1986, it is worthwhile to mention the decision on the export and import of health care remedies. The resolution obliges the minister of foreign trade, the minister

of health and social welfare and the minister of the chemical and light industry to outline the volume and the structure of export in this field (the Polish pharmaceuticals industry is an important exporter to both the countries of the first and second payments areas). On the other hand, all foreign exchange funds that are obtained in excess of the plan over the course of next year are to be designated first for additional purchases within the framework of the operational program for health care procurement.

It is impossible within this article to cite the forecasted volumes for turnovers of particular items, even within a limited scope. I refer those interested to annex no 4, and would like to limit myself here to relating two items on coal export. It is envisaged that coal export will quantitatively and qualitatively approach this year's volumes. An important innovation is the order to generate a balance reserve amounting to about 2 million tons that may be activated in the first quarter by the chairman of the Planning Commission to supply the national economy should especially unfavorable climatic conditions occur.

On the other hand, it is worthwhile to give greater detail on the decisions regarding the levers for indirect management in the foreign trade sphere that are contained in annex no 3 to the resolution on next year's plan. Let us state from the outset that the provisions written into the document should not surprise anyone. They do not contain any revolutionary ideas, and all the changes made in the rules in effect this year were signaled in advance many times (e.g., during the National Party-Economic Conference in Poznan).

Of course this does not mean that in view of this, one should not read carefully the sixth chapter of this annex to the CPR resolution or the passages cited in the text of other legal documents that contain detailed principles (including the 28 October 1985 RM decree changing the provisions of income tax reductions, the 15 November 1985 RM decree on tax rates for emoluments payments that exceed the norm and the 4 October RM resolution concerning the principles for creating and utilizing foreign exchange allowances). The general statement that the 10 points of this chapter express a concept for improving the incentives system in the field of foreign trade seems very adequate. However, no one should be surprised if eventual malcontents say that this concept is very weak in the area of rate-of-exchange policy and the related principles of adjustment billing, or in the provisions of currency auctions and foreign exchange credits.

No doubt the proposal creating the Export Development Bank will be well received. The concept for creating this institution was first stated officially at the Poznan conference and later was confirmed within the Sejm. It had its ardent supporters as well as its opponents that pointed to a certain level of risk for its implementation. Apparently the decision contained in the 1986 CPR resolution will end the discussion and will decide the matter once and for all.

It is clear that both in the columns of RZ [RYNKI ZAGRANICZNE] and throughout the mass media, as well as at meetings and conferences, we shall return to the CPR for 1986 time and again. Not only is it impossible to discuss it comprehensively in one article, but it is also impossible even to list properly all the questions that this document regulates in the sphere of foreign trade. The fact that next year is also the first year of the new five-year plan additionally obliges us to be realistic and honest in assessments of and commentaries on the document itself, and above all to exercise thoroughness and inventiveness in implementing tasks.

## NEW SYSTEM OF FOREIGN EXCHANGE ALLOWANCE IN RUBLES DEFENDED

Warsaw RYNKI ZAGRANICZNE in Polish Nos 141-142 23, 26 Nov 85 p 8

[Article by Tomasz Bartoszewicz: "Who Is Afraid of the ROR's?"]

[Text] At one of its recent meetings, the Government Presidium approved a resolution dated 1 January 1986 ushering in an experimental system of accounting of ruble allowances. Initially this system is to be restricted to 50 enterprises and it is to affect approximately 10 percent of our export to the first payments area.

The use of a system of foreign exchange allowances in export to the first payments area was proposed long ago by exporters and by Group VIII of the Commission for Economic Reform Affairs. To put it mildly, however, the idea was not received enthusiastically in some ministries.

The opponents of the ROR system are quick to advance numerous arguments. In the first place, they believe that ruble allowances make no sense, since they do not ensure the possibility of making real purchases in the first payments area. This is due to the system of multiyear trade agreements and the specification of the scope of commodities exchange in annual agreements. In the second place, the designation of a portion of ROR funds to cover the cost of trips abroad supposedly may lead to the phenomenon of mass "excursions" on public funds. In the third place, three attempts already have been made to use a system of allowances in ruble export; each time this system had to be withdrawn after a certain length of time.

At first glance these statements are not devoid of truth. However, not everything is as obvious as it may seem. Let us begin with the question of whether the funds accumulated under the ROR may be used for real import. The answer to this question is not a hard and fast one. Of course, there is no direct analogy here with the ROD, since not everything is available for purchase in the first payments area. Nor can additional orders be filled from stock in most cases. On the other hand, nothing prevents the treatment of ROR orders as a priority treaty guideline in the negotiation of annual trade agreements. Moreover, in most cases, ROR orders will cover goods that already are actually imported from the first payments area. Thus, it is merely a question of their possible re-allocation to benefit the possessors of ROR's.

As for the "excursions" abroad feared by the people responsible for the state of accounts in the field of nontrade payments, let us remember that less than 5 percent of the funds accumulated for the ROR can be expended in this way. Thus, a very small sum comes into play here.

As for the argument that something did not succeed three times, this is in no way convincing. Based on this principle, we should rule out all attempts at economic reform beforehand...

One of the crucial problems that may arise in the practical use of the ROR system, even in its initial, experimental stage, is the fact that this system was conceived as a comprehensive system (the entire first payments area is treated as a whole). Meanwhile, trade with socialist countries is actually implemented strictly on a bilateral basis. For example, the transferable ruble earned in export to Mongolia cannot be spent in any other country in actual practice.

This bilateral barrier may appear to a still greater extent in the spending of ROR funds for foreign travel. It is known that in relations with CEMA states, we have completely different situations with regard to nontrade accounts. In the case of Cuba and Vietnam, increased outlays in this field can be an outright positive phenomenon. However, the situation is totally different with regard to countries to which our tourists travel willingly, such as Hungary or Bulgaria.

Thus it seems that as long as the bilateral system of accounting is retained in the CEMA framework, the ROR should operate according to the same principles. It is possible to conceive of a system of subaccounts with a limited transfer potential. The advantage of this system would be the establishment of enterprise interest in exporting in those directions where additional export could be profitable in terms of real additional import (of goods or services).

The ROR system could be used especially extensively in the direct cooperation of enterprises. In this field, it would be necessary to use particular consistency in introducing the principle that one would have to earn the right to import or to take trips abroad. This would curb somewhat the tendency to use such cooperation exclusively for social purposes, as is now sometimes the case.

Let us then not fear the ROR's! Their virtues definitely outweigh their potential shortcomings. Their greatest advantage seems to be that new accounts should convey in an improved manner the mutual interdependence between export and import that occurs not only in the case of relations with the second payments area.

In accordance with the recently concluded agreements on the coordination of socioeconomic plans for 1986-1990, cooperation with CEMA countries during the coming 5-year period should grow more rapidly than trade with other states. The implementation of the planned tasks requires the appropriate tools. Accounts of ruble allowances undoubtedly represent one of the steps in this direction.

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## TRADE PICTURE WITH ALGERIA, TUNISIA DESCRIBED

## Trade With Algeria Outlined

Warsaw RYNKI ZAGRANICZNE in Polish No 143, 28 Nov 85 p 8

[Article by: TAZ]

[Excerpt] Based on the total picture of Poland's economic relations with developing countries, trade turnovers with Algeria may be ranked among the largest and the most profitable for Poland. Between 1981 and 1984, they rose from \$56.1 million to \$71.7 million (over the first 9 months of 1985 they grew to \$40 million), while our high positive trade balance was maintained until 1983. In 1981 the trade balance was \$43.5 million, in 1982 it was \$50.6 million and in 1983 it was \$40.8 million. At the same time, income from export was respectively \$49.8 million, \$57.4 million and \$44.5 million.

The initiation in 1984 of the purchase of larger lots of crude oil (118,000 tons) helped reduce this balance considerably. With the value of export of \$40.5 million, it declined to \$9.3 million. Likewise this year it undoubtedly will be small due to a contract signed in September to import approximately 120,000 tons of crude. (Besides crude, we buy small amounts of phosphorites, citrus fruits and wines from Algeria). Our export to Algeria is marked by considerable variety of assortment, reflecting the extent of ties with this market and the broad scale of its import needs. This export includes coking coal, powdered milk, electrical motors and wires, road and construction machinery, metallurgical equipment and parts, various types of tools, cement, pharmaceuticals and a rich assortment of engineering services in the area of housing construction design, water and industrial construction design, mapmaking, land surveying, preservation projects and geological expeditions. Income from services rendered by nearly 1,900 Polish specialists (physicians, lecturers, engineers and the like) employed through group and individual contracts also are an important item.

Several factors have gone into making up the currently successful development of Polish-Algerian economic relations: the favorable political climate and solidarity with the efforts aimed at eliminating the legacy of colonialism, a certain parallelism in the introduction into both countries of socialist socioeconomic changes and the complementarity of both economies in some sectors. The latter is comprised of the fact that specific sectors, e.g.,

metallurgy, the power industry and construction have attained in Algeria capital spending priority at a time when we have had available considerable export potential in these same fields of interest to Algeria. The attractiveness of this market also is tied in with the payments situation of Algeria that has not demanded a credit commitment from us for some time due to the favorable oil situation. The prospects are enticing, although we also must reckon with certain problems.

The implementation of the 1985-1989 economic plan embarked upon this year shows that many developmental projects in metallurgy, construction, the power industry and oil production and processing will be continued, thus continuing to generate import needs. (Footnote) (See RZ, Nos 24-25 (4331-4332) 23 and 26 February 1985, p 4) The obvious emphasis already placed on agriculture, food processing and water management, sectors to which nearly 25 percent of all capital spending outlays will be allotted, should provide some indication of the new possibilities for placing orders there in the various groups of capital spending equipment, particularly for the agricultural-food industry.

At the same time, the changed payments situation of Algeria should be taken into account. Despite its continuing positive trade balance, this country has a relatively large, \$17 billion debt, whose servicing it is trying to implement very conscientiously. Despite the continuation of a less favorable situation than that of the 1970's on the liquid fuels and natural gas market (items that still represent nearly 95 percent of Algeria's combined export income), for some time now Algeria has been conducting a policy of leveling off its trade balance with all countries by controlling import and cutting back on the implementation of several capital spending projects.

Given this situation, we ought to expect increased pressure to make the possibility of the purchase of our goods on this market contingent upon our purchases there, i.e., in effect upon our import of crude oil and natural gas. Undoubtedly, the pressure for export on credit and increased quality requirements on our products, especially machinery and equipment, also will continue.

#### Trade With Tunisia Reported

Warsaw RYNKI ZAGRANICZNE in Polish No 143, 28 Nov 85 p 8

[Article by: PAI-tek]

[Text] Phosphorites are a pillar of the Tunisian economy. Poland is an importer of these phosphorites. On the other hand, the major raw material exported by Poland to Tunisia is sulfur, in a volume of 200,000 tons per year.

Poland also supplies Tunisia with a small amount of coal--less than 5,000 tons per year; the entire delivery can be made practically by one small ship. However, it is coal of the highest quality--anthracite--needed by Tunisia in the production of cement and lime. At present, Polish specialists in cooperation with Tunisian construction firms are developing a plan for changing this technology by introducing the use of steam coal for anthracite.

Pine lumber also is an important item in our export to Tunisia. The first contract implemented amounted to a delivery of 10,000 cubic meters. Now we are implementing a second contract, calling for the delivery of 30,000 cubic meters. Despite the fact that this is fifth-class wood, used by us exclusively for timbering, the Tunisians use it successfully in construction. Many elements of woodwork construction are made in Tunisia from Polish lumber. With the implementation of this contract, Poland will find itself in the second place after the Soviet Union, that has assumed the position of chief supplier of lumber on the Tunisian market.

There are still many possibilities for the development of Polish export to Tunisia, not only for raw materials and food, but also for machinery and for the construction of sugar refineries, cement plants and electrical power plants. The latter, however, cannot be in the form of large facilities in Tunisia. The countries of Northern Africa, like most Third World states, are interested in the building of intermediate-size and small buildings that contribute to the development of backward regions.

The southern part of the country is such a region in Tunisia. It is an area that could be of great interest to Polish exporters and importers. In addition to such raw materials as the previously mentioned phosphorites, as well as natural gas, crude oil, iron ore, lead and zinc, it also has plantations of olives, figs, vineyards and citrus fruits. Both Poland's export and import offerings, particularly those supporting the building of small and intermediate-size plants in the south of Tunisia, may be of interest to this country in conjunction with its extensive plans to industrialize this region. There are many indications that Poland's presence in Tunisia may be more representative and may have extensive prospects. The use of them depends upon the initiative and the efficiency of our traders.

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## INTENSIVE DEVELOPMENT OF COUNTRY UNDERWAY

Bucharest ERA SOCIALISTA in Romanian No 23, 10 Dec 85 pp 8-11

[Article by Barbu Gh. Petrescu: "Romania's Transition to the Stage of a Country with an Average Level of Development"]

[Text] Demonstrating through the irrefutable testimony of achievements in the area of material and cultural civilization that socialism is the only historical system built upon the understanding and conscious wielding of the laws of social development and the assertion of scientific logic and revolutionary spirit in setting objectives of social progress, our party's documents--particularly those following the ninth congress, issued in the most brilliant years, the years of the greatest achievements in Romania's entire history-- constitute noteworthy theoretical analyses of the various stages of development of the Romanian socialist society and of the specific traits of each stage of its development. The party program, the reports presented at party congresses and national conferences in the past 20 years, the speeches delivered on various occasions by the party secretary general, Comrade Nicolae Ceausescu, have added valuable original ideas and highly scientific analyses to the revolutionary theory of building a socialist society, at the same time substantiating the main directions of the socialist and communist construction in our country and of raising it on higher peaks of progress.

Within this thesaurus of ideas, views, and conclusions, which clearly highlight Comrade Nicolae Ceausescu's brilliantly clear-sighted revolutionary thinking, an important role is played by the thesis which states that in the foreseeable future our country will have left behind the stage of a developing country and joined the group of countries with an average level of economic and social development. This thesis, which is of an inestimable scientific and practical value, incorporates one of the basic truths of the logic of the development of the Romanian socialist society, a theoretical principle, and, at the same time, a vast program which serves to guide and mobilize the creative energies of the entire nation toward new peaks of progress and civilization. In this spirit, at the November 1985 plenum of the RCP Central Committee Comrade Nicolae Ceausescu stressed that "In the new 5-year plan our country must advance from the level of a developing socialist country to that of a country with an average level of socioeconomic development, and by the year 2000 it must become a comprehensively developed country from all

viewpoints, providing conditions for the increasing assertion of the communist principles in the life of our society."

Placing our country, within the near future, at an average level of socioeconomic development is designed to sanction in the area of social progress a historically short but particularly intensive evolution. This evolution is the natural pinnacle of important stages of development traveled by the Romanian socialist society, which began when the main means of production came into socialist ownership, continued with the construction of a unified national economic complex, and were substantially enriched during the period of forceful consolidation of the new social system and of transition to building the comprehensively developed socialist society. Thus, within a historically short period of time, Romania traveled several stages of socioeconomic development, from a bourgeois-land owners' society to a comprehensively developed socialist society. From an agrarian country with a poorly developed industry and agriculture, our country has become an industrial-agricultural country with a strong and modern industry and a rapidly developing socialist agriculture. The continuous and substantial progress registered in implementing the socialist industrialization, the high rates of economic development attained, and the positive effects of this development in all the areas of social life have attenuated, but have not totally eliminated the economic gaps separating us from the developed capitalist countries and even from certain socialist countries. Consequently, Romania continues to remain a developing socialist country.

The economic causes of this situation are to be found mainly in the modest level of development from which we begun building the socialist society in Romania. Holding a marginal place among the capitalist countries before World War II, having had to endure the hardships of a geopolitical situation which often placed it in the undesirable position of a target of interest for big powers, and having suffered internal political disputes which did nothing to advance the country, pre-1944 Romania had acquired a limited productive potential and an unbalanced economic structure. Not even the agriculture, which many saw as the decisive branch for the country's economic fate, profited from the technological advances of the time, being practiced in many areas of the country in conditions of technological backwardness and anachronistic production relations.

Naturally, such a point of departure for building the new system was bound to show its consequences over a longer period of time. That is precisely why the policy of rapid industrialization of the country, established as early as the party national conference of 1945, opened up new horizons for the development of the Romanian socialist society, and permitted a process with deeply positive effects for the country's general progress and, implicitly, for closing the gap separating us from the developed countries.

The results of these guidelines and objectives--which were elaborated in the process, particularly in the past 20 years, ever since the fate of the country was entrusted to Comrade Nicolae Ceausescu, an eminent leader, ardent patriot, and brilliant figure of the contemporary world--soon became evident. Thus, as far as the general index of national revenue is concerned, World Bank data show our country to have exceeded the average annual rate of growth of the

per capita gross national product of many countries. While in the 1960-81 period this index totaled 2-3 percent in industrialized countries, in our country the average annual rate of growth was 8.2 percent. At the same time, our country attained or even exceeded international levels in the manufacture of various industrial products such as tractors, various types of sophisticated machine-tools, cement, metal, chemical fertilizer, etc.

This trend to reduce the economic gap--a proof of the realism of our party's view that by the end of the eighth 5-year plan Romania will have overcome the level of a developing country--is also evident in the provisions envisaged in the documents of the 13th party congress. Thus, while for the 1985-95 period the World Bank forecast an average annual rate of growth of the gross national product of 2.5-3.7 percent in the industrialized countries, the rate of growth of Romanian industry envisaged in our party's documents is neted higher: 7.6-8.3 percent in the 1986-90 5-year plan. "Romania," Comrade Nicolae Ceausescu said in 1982, "is still a developing socialist country. The group of developing countries includes over 100 nations. There are rather big differences among the countries of this group; we perceive at least three major categories from the viewpoint of development: countries with up to \$400-500 per capita income, countries with \$1,000-1,200 per capita income, and countries with \$1,500-2,000 per capita income. In 1950 Romania belonged to the first group with an average per capita income of \$100. Today we are in the third group, with a national per capita income of over \$1,500. As for the developed countries, among which there are also differences, if we compare them to the group of average developed countries, in 1950 their per capita income was 15-20 times higher than Romania's, while today it is 4-5 times higher. Thus, we have greatly reduced the gap between the developed countries and our country. But, of course, we still have a long road to travel."

#### A Far-Sighted Scientific Concept on the Country's Socioeconomic Development

The steady trend and efforts to reduce the gap between us and the developed countries have their roots in one of the basic laws of socialism, according to which the new system manifests its superiority over the preceding social systems, particularly over the capitalist system, in the economic area. At the same time, this basic process is supported in other areas, too, is reinforced by other factors, and has effects in all the areas of social life. Thus, coming closer to the level of development of economically advanced countries is a dynamic process influenced by many internal and external factors; on the other hand, a higher level of development implicitly requires substantial progress in all the social sectors and has a positive influence on the manifestation of the basic economic law of socialism: continuously raising the material and cultural living standard of the people. At a different level, reducing gaps is accompanied by a more active and efficient integration of the national economy in the world economy and by increased competitiveness, something that makes it possible to better utilize our country's natural resources and its labor and creativity potential.

This process, which became a trend ever since the first stages of building the new social system, in time acquired new conceptual, natural, and necessary additions, if we take into account the dynamic development and the new aspects that appeared at various stages at the internal and international level. True

moments of theoretical and practical upsurge were marked by the formulation of the concept of a comprehensively developed socialist society and by the establishment of a strategy for the transition to a higher quality in all the areas of activity, as well as by the trend to emphasize the intensive factors of development as a condition for the progress of the Romanian economy and socialist society and implicitly, for overcoming the stage of a developing country. All these conceptual reconsiderations are organically linked to the dialectical, daring, and original thinking of Comrade Nicolae Ceausescu, and to his exceptional revolutionary social-political activities at the service of our people's vital interests.

The assertion of the concept of a comprehensively developed socialist society had a dual significance: on the one hand, it eliminated the narrow view of social development which reduced this vast process to its economic dimension, and the latter to a few indexes of an inevitably limited force of expression; on the other hand, it opened up new horizons for the leadership and organization of activities, based on the fact that science, culture, and education not only profit from the benefits of economic progress, but are increasingly the basis for this progress. "The national revenue," the party secretary general stressed along this line, "is only one of the factors according to which a country can be classified as developing or developed. We must keep in mind the general, even development of the national economy and of its various branches and sectors--industry, agriculture, transportation--and the development of science, education, and culture, which are very important factors in appraising a country's level of development. Taking these and other factors into consideration, we can state that Romania has in many areas outgrown the characteristics of a developing country. The Romanian socialist society is characterized by a manysided economic, scientific, and cultural development, and by the development of the general living standard."

Within the strategy of comprehensive development of the Romanian socialist society, a crucial point was marked by the substantiation of the need to assert a new type of development, namely that of qualitative and intensive factors. Proceeding from a careful analysis of the country's level of development and of the objectives pursued, and realistically appraising the new international economic situation and the specific effects of various internal factors of progress, our party worked out the thesis according to which the sustained development of the Romanian economy and society must be predominantly based on the elements of a modern economy, such as science and technology, high labor productivity, improved product quality, markedly reduced material consumption, and a high level of professional training of the labor force. Summing up these basic directions of development of the country in the past 5-year plan and in the future, RCP Secretary General Comrade Nicolae Ceausescu stated at the November plenum of the RCP Central Committee: "At the 12th congress and later, at the 1982 national party conference, we called attention to the fact that the 1981-85 5-year plan will have to be a period of consolidation of our achievements. During the 1970-80 decade we advanced along a wide front and we traveled a long road in fulfilling our strategic objectives and consequently, we must consolidate our achievements and create conditions for the transition to a new offensive--to use a military term--concerning the future development of our fatherland."

This conclusion of an inestimable theoretical and practical value outlines new guidelines for the historic process of reducing, and finally eliminating the gaps between us and the developed countries. For this purpose it envisages the creation of a new development balance by ensuring a judicious ratio between energy and raw material resources and industrial processing branches, and between industry and agriculture; it also envisages considerably raising labor productivity and the technical and qualitative level of production, better utilizing the national resources, and raising the general competitiveness of Romanian products in foreign markets. According to the party documents, these programs will be fulfilled by resolutely implementing the new economic-financial mechanism, increasing the contribution of domestic scientific research, and continuously improving the methods of organization and management of the national economy.

#### Sound Conditions for the Country's Transition to a New and Higher Stage of Development

As a socioeconomic process, development essentially means ensuring a dynamic balance among the action of a large variety of factors, whose complexity increases from one year to the next. That is precisely why the correctness of the strategic option concerning our country's transition to a level of average socioeconomic development relies on the considerable quantitative accumulations achieved so far in all the socioeconomic areas, and on the great achievements attained by the Romanian people, led by the party, particularly in the past 20 years.

In the past four 5-year plans, Romania scored noteworthy successes, unprecedented in the country's history, in developing and modernizing the socialist industry and agriculture, developing science, education, and culture, raising the level of progress and civilization, and increasing the people's material and intellectual well-being. The statistics highlight the sustained growth of the social product and national revenue, the increased national production potential, and the fact that all of the country's areas and counties are involved in this process with extensive dynamizing effects.

#### Growth of the Main Indexes of the National Economy Development 1965=100

	1970	1975	1980	1984	1985 (plan)	Average annual rate of growth 1966-85
Number of working personnel	119	146	170.4	174.4	177	2.9
Fixed assets	151	239	371	505	555	8.9
National revenue	145	247	351	411.4	452.5	7.9
Industrial output	175	322	507	587.9	633	9.7
Overall agricultural output	110	150	181	215.2	229.8	4.2
Foreign trade volume	175	406	841	815.6	11 times	12.7
Labor productivity in the national industry	149	209	293	334	383	7
Net average salary	125.3	155.1	217.7	284.5	290	5.5
Social-cultural expenses financed from the state budget	163	243	339	414.5	435	7.6

As this table shows, in the past 20 years, the national revenue increased 4.5 times over, industrial output 6.3 times, and agricultural output 2.3 times; in the same period, industrial labor productivity increased 3.8 times over, and the volume of foreign trade became 11 times higher. On this basis, increasingly large resources were made available for raising the people's living standard. The country's production potential, expressed in terms of fixed assets, increased 5.5 times over, rising from about 500 billion lei in 1965 to over 2,800 billion lei in 1985, out of which about 90 percent were commissioned in the past 2 decades.

Having one of the highest rates of economic development in the world, in the 1965-85 period our country recorded an unprecedented growth in the qualitative structure and capacity of its industry, and launched an extensive program to modernize the agriculture and the other branches of the national economy on the basis of scientific-technical progress, better utilization of the country's material and human resources, and increased labor productivity and economic efficiency. The national revenue increased at a rapid pace--that being the certain source of the process of comprehensive development of the fatherland and of continuously raising the people's material and cultural living standard: the supreme goal of the RCP's scientific policy.

The policy promoted by the party resulted in the creation of new jobs, a fact which contributed to increasing the number of working personnel in the economy 1.8 times over, simultaneously with increasing several times over the total real incomes of the people and the volume of retail sales. On the basis of the continuous development of the material basis of the society, scientific research, education, and culture expanded at the national level as areas of a vital importance for the shaping and assertion of the human personality.

Perceiving with remarkable clarity the means by which to ensure the development of the production forces, economic growth, and a higher living standard, the party secretary general mapped out the strategy of rational utilization of the national revenue and its scientific distribution between the development and consumer funds, as an essential condition for Romania's socioeconomic progress. This brilliant social-political concept fully proved its viability. The fact that in the course of the past four 5-year plans, the 1966-85 period, the rate of accumulation gradually increased up to about one third of the overall national revenue, as compared to about 17.1 percent in the 1956-60 5-year plan, yielded remarkable results. The figures show that had this solution not been adopted, the current potential of the Romanian economy would not have been achieved before the year 2000.

Due to the consistent promotion of the party policy of allocating a considerable share of the national income to development, in the past 2 decades extensive programs of investment (see second table) were planned and implemented, which brought about great changes throughout the Romanian society. One telling example of the scope of investment projects in the past 20 years is the fact that their volume--which totaled about 163.5 billion lei

yearly--was 8.4 times larger than the average annual volume of the previous 20 years.

As Comrade Nicolae Ceausescu stressed in his report to the 13th RCP Congress, by consolidating the noteworthy results achieved in socioeconomic development to date, "We can state that by 1990 Romania will enter a new stage of socioeconomic development, and will take a new step forward along the path of building the comprehensively developed socialist society and advance toward communism. All our people will scale higher steps of civilization and progress, and of material and cultural well-being."

The coming 5-year plan thus constitutes one of the decisive stages for implementing the party program of building the comprehensively developed socialist society and of Romania's advance toward communism. As is stipulated in the documents adopted by the 13th congress and in those endorsed by the recent plenum of the RCP Central Committee, in his coming 5-year plan the stress will be put on achieving a new quality of work and life for all our people, intensively developing all the branches of material production, and ensuring a better ratio among the various sectors, as well as on eliminating certain contradictions that appeared at a certain point. Special attention will be paid to modernizing the means and structure of production and raising its technical and qualitative level, extensively introducing advanced technologies by implementing the programs concerning the mechanization, automation, and robotization of various economic sectors, and manufacturing new products, with superior qualities, capable of meeting the demands of all the branches of the national economy and of competing in international markets.

Investment Dynamics  
1965=100

	1970	1975	1980	1985 (plan)
Total investments	170	293	441	481
--industry	165	295	478	563
--agriculture	167	235	338	480

Basic Directions and Objectives

The new qualitative element of the industrial development in the eighth 5-year plan is, as Comrade Nicolae Ceausescu noted, the fact that by 1980 we will generally conclude the intensive reorganization of all the sectors. The general level of Romanian industrial production and the qualitative and technical level of this branch will compare with that of economically developed countries. In the fulfillment of this particularly important objective, a primary role will be played by scientific research, and by the rapid introduction in production of the results of research and of the latest achievements of modern science and technology. That is precisely why Romanian scientific research has a special obligation to design new products, highly competitive from a technical and economic viewpoint, to provide solutions for utilizing our resources with increasing efficiency, to work out and promote technologies requiring reduced material and energy consumption, etc.

Consequently, as the party secretary general emphasized, all scientific activities must be strongly permeated by a revolutionary spirit, boldly tackle major problems, and be consistently aimed at unveiling additional secrets of nature and the universe.

The orientation toward the intensive development of the national economy--in constant pursuit of the objective of placing our country among the states with an average level of development--is also reflected in other greatly important objectives established by the 13th congress. In the coming 5-year plan, production costs in the national industry will have to be reduced by about 110 lei per 1,000 lei of production-commodities, while labor productivity will increase, on the basis of the extensive promotion of technical progress and better production and labor organization, by over 60 percent--thus raising the efficiency of the Romanian economy and more rapidly increasing the national wealth and revenues as the sound basis for our general development and for raising the people's standard of living and civilization.

The particular stress put on the intensive development of the economy also concerns the agriculture in the highest degree, which will remain the second most important sector of the national economy. In this area, the basic objective is, as stated by the party secretary general, to achieve a new agrarian revolution, a process with vast implications that requires general changes in the work, life, and thinking of our cooperative peasantry, and the achievement of agricultural productions that can fully meet the consumer requirements of all the people and other development needs of the national economy.

The party secretary general's theoretical and practical guidelines on improving and ensuring the smooth operation of the economic-financial mechanism which uniformly combines socialist ownership, the planned management of the economy, and extensive mass initiative and material incentive, are of a particular importance for attaining the objectives of the 13th congress and placing Romania among the countries with an average level of development. According to Comrade Nicolae Ceausescu's concept, our society can be perfected only by understanding the role and operation mechanism of economic laws and by applying their requirements to the specific conditions of our country's present development.

In the last decade of this century, by widely promoting the latest achievements of the scientific-technical revolution, the revolutionary process of shaping and developing the material-technical basis of the comprehensively developed socialist society will rise to a higher level with a view to the gradual transition to communism. The Romanian industry will attain a higher technical and qualitative level; automation and the use of robots and computers will be introduced in all the branches of production; energy and raw material resources will be markedly developed, labor productivity will compare to that in the most advanced countries, and Romanian products will be on a par with the international state-of-the-art. On the basis of the development of the production forces, production and social relations will be further improved, and the process of erasing the essential differences between social classes and categories, homogenizing the society, and shaping a uniform working people will deepen.

The fundamental goal of the party's entire policy--reflected by the basic law of building socialism and communism itself--is to ensure further growth in the standard of living and civilization, to meet consumer requirements according to scientific norms, and to promote the full physical and intellectual development of the individual. The coming 5-year plan and the development guidelines established for the period up to the year 2000 outline, from this viewpoint, too, a wonderful long-term program for the revolutionary transformation of the Romanian society and for building a superior material and cultural civilization in socialist Romania. Within this entire program of development and action a decisive part will be played by the national science and creativity, education, and cadres training--activities brilliantly led by Comrade Academician Dr. Engineer Elena Ceausescu, an eminent statesperson and a scientist of world repute--as decisive factors for implementing the options of socioeconomic progress and for the general development of the Romanian society. The basic long-term directions in this area and the requirements arising at the current stage were clearly outlined by the party secretary general in his brilliant speech to the recent congress of science and education--a broad and comprehensive program of activity for all those employed in those sectors. "The Romanian people and our new generations face the grandiose goal of titanic creative work designed to transform nature, society, and man, and to attain the loftiest aspirations for prosperity and well-being, free and democratic development, and dignified and sovereign assertion of our socialist nation," Comrade Nicolae Ceausescu stated. "From the results of this great revolutionary period will profit all the present citizens of socialist Romania, as well as their sons and all those who will be born, will live, and will work in the Romanian communist society." Romania will thus enter the third millennium as a comprehensively developed socialist country developed both materially and culturally, and from the viewpoint of the general standard of living and civilization of its people, and will advance toward a new era, the communist era, as one of the countries with a high level of socioeconomic development.

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## VARIOUS TYPES OF INSURANCE DESCRIBED

Bucharest ERA SOCIALISTA in Romanian No 23, 10 Dec 85 pp 43-44

[Article by Luiza Muscalu: "Insurance as an Expression of Foresight and Economy"]

[Text] It is becoming increasingly clear that in the modern society life is becoming increasingly complex and fast paced. Consequently, it is important to cultivate among the various human collectives a spirit of foresight and permanent care to prevent and rapidly eliminate any damage. Along this line, the various state insurances, which organize mutual assistance among economic units and citizens, play an important role.

In our country, the specialized institution in the area of insurance is the State Insurance Administration--ADAS. The management of this institution and all its employees focus their efforts on serving the interests of the national economy and of the people, improving the existing forms of insurance, and promptly dealing with all the legitimate requirements of the insured.

One of the forms of facultative insurance that a person can take out is "mixed life insurance." This plan permits the insurance holder to save a certain amount of money in a planned manner, which he then receives when the plan matures. At the same time, this type of insurance provides financial aid for its holder or for his family in the case of unforeseen and undesirable events.

In order to meet additional consumer demands, mixed life insurance can be taken out in other forms, too, designed to extend protection to a larger number of persons by supplementing the amount of the insurance to cover certain categories of events, etc.

The mixed family life insurance plan permits insurance coverage of all the members of a family from the age of 5 to the age of 65, whereby any of them can benefit of the insurance amount in accordance with the insurance event produced.

The mixed life and supplementary accident insurance plan is a variation under which the insurance amount established for the consequences of accidents is larger than the amount envisaged for the other events covered by this plan.

Mixed life insurance plans share a number of characteristics, such as: the plans are accessible to persons aged 16-65; can be taken out for terms between 5 and 15 years; the insurance premiums vary in accordance with the age of the person insured, the term of the insurance, and the amount of the insurance; upon the expiration of the insurance plan for which premiums have been paid for the entire duration envisaged in the insurance policy, the amounts insured are paid out simultaneously with an approximately 10 percent indemnity; insurance plans participate in monthly amortization drawings, and 1,000 lei of the insured amount are awarded for each letter combination drawn; an insured person who has suffered an accident causing permanent disability (either immediately or within 1 year of the accident) receives the insured amount of his policy in the case of total disability, or a proportional part thereof in keeping with the degree of disability ascertained in the case of partial disability. After such amounts have been paid out, the insurance plan continues for the policy amount and for the rights devolving thereof, later amounts being awarded independently of the ones paid out for permanent disability.

During the term of the insurance plan, the insured person may change the policy terms concerning: beneficiary, amount of insurance, and maturity date, and may opt for another insurance plan, in which case the premiums are adjusted according to case. The insurance plan can be reinstated by paying the outstanding premiums, all at once or in installments, or by extending the term of maturity of the insurance in situations in which, for various reasons, the premiums payment had been interrupted. However, in order to benefit from the opportunities offered by mixed life insurance plans on an ongoing basis, the premiums must be paid punctually.

Persons interested can also take out other ADAS life insurance plans, such as: savings and permanent accident disability insurance; fixed term insurance; limited term indemnity insurance; life annuity insurance (with a single premium or with premium payments over a limited period of time).

In order to replace property damaged by unforeseen events that may occur in a household, people can take out "complex facultative household insurance." this is a combined plan whereby the same contract covers: household property; certain home accidents, etc.

This form of insurance covers household property such as: furniture and other household objects; clothes; rugs; radio and television sets; sewing machines, refrigerators, and any heating appliance; agricultural, vineyard, orchard, and animal produce; fuel; construction materials for home use, and so forth. The plan also covers--for 20 percent of the amount ensured--insurable property taken out of the home.

ADAS awards compensation for damage caused to insured property by risks such as: fire, lightning, explosion, torrential rain, floods, hail, storm, landslide, accidental damage caused to gas, water, sewage, heating, and other installations.

Under the same contract, the following persons are insured for accidents occurring at the home of the insurance holder: the person insured, the spouse,

and their parents and children, if their permanent residence is with the insured person. The plan also covers accidents caused by events such as: fire, lightning, explosion, contusion, fall, slide, burn, etc.

The insurance premium is established in accordance to the size of the insurance amount requested by the insured person for his household property.

In view of the risks encountered by drivers, it has become necessary to devise means of covering the effects of such risks. One of these means, which must always be provided against the unforeseen, is insurance.

For car owners to be able to claim insurance compensation for damages to their vehicle not covered by civil car liability, they must have taken out an ADAS "optional automobile damage insurance (casco)," under which coverage is provided for the following cases: a) vehicle damage caused while in motion by collision with another car, with any type of vehicle, or any moving or stationary body in the path of the vehicle; b) damage to the vehicle caused by sliding, overturning, etc., or by a defective part, caused while in motion; c) moving or parked vehicle damaged by an unidentified vehicle; d) moving or parked vehicle damaged by being hit either by vehicles not covered by civil liability insurance, or by pedestrians, or by a damage-inflicting falling body; e) vehicle damaged by self-combustion or a fire in the parking building, by an explosion followed or not followed by fire, including explosion of the fuel tank or compressed air chamber, or caused by lightning, followed or not followed by fire, or by other natural disasters that may cause direct or indirect damage--such as a building roof falling on the vehicle; f) other cases covered by the insurance plan.

Facultative vehicle damage insurance (casco) also includes the cost of transporting the car to the workshop nearest to the place of the accident or to the nearest shelter if the car cannot be driven; damages cause as a result of steps taken during the event covered by the insurance policy to rescue the vehicle or the building in which it had been parked, and costs incurred to contain the damage, if they were necessitated by damage caused by the causes covered by the insurance policy.

The insurance premiums depend on the cylinder capacity of the vehicle.

The insured persons also benefit of the following rights: a) payment of annual premiums established in accordance to whether the insurance policy is taken out or renewed directly at the ADAS agency, and to the period uninterrupted insurance coverage if no compensations were received or are due for previous years on the basis of the policies signed; b) workshop repair of insured vehicles without prepayments, in view of the fact that the repair costs are paid out directly to the respective workshop.

The casco insurance is the most comprehensive vehicle insurance for drivers. While outlining some of the situations that may occur and the terms of casco insurance, we must point out that this form of insurance is necessary for any vehicle owner, even those covered by civil liability insurance. Once a person has casco insurance, he can also take out supplementary "insurance for damage

caused to the vehicle while driven by a person other than the insured person or his family," by paying 25 percent of the premium due for casco insurance.

In order to provide for the most varied unforeseen situations requiring insurance coverage that may occur in the course of the utilization of a vehicle, and in order to cover only certain categories of damage, against due payment of insurance premiums, car owners can take out other vehicle insurance policies, such as:

--Car insurance only for damage caused by traffic accidents, under which the insurance premium is 80 percent of the corresponding casco amount.

--Accident insurance for the driver and other persons riding in the vehicle, which is contracted independently of the existence or nonexistence of a casco insurance policy, and which covers the consequences of accidents for the persons found in the vehicle, within the limit of the number of seats allowed. The premiums for this type of insurance are established according to the insured amount for each person.

The activities carried out by ADAS belong to the series of social-economic activities carried out in our country, and benefit both the citizenry and the national economy. That is why they must be supported by all available means, so that this institution can fulfill its tasks and functions in the best possible conditions.

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## 1986 FEDERAL BUDGET SAID TO BE INFLATIONARY, DESTABILIZING

Belgrade EKONOMSKA POLITIKA in Serbo Croatian 16 Dec 85 pp 17-19

[Article by Tomislav Dumezic: "Budget Pressure"]

[Text] The proposed federal budget proves that the basic tasks contained in the Draft Resolution for next year should not be taken with too much seriousness. After all, there are no prospects even in theory for a calming down of inflation (reducing the average monthly rate of inflation to 2 percent, the annual rate to about 30 percent, and the deflator to slightly under 50 percent) and a rise in the real earnings of employed persons to be achieved along with a 76.4 percent growth of the federal budget (especially with this kind of tax system), along with a more rapid growth of exports by comparison with the growth of imports and a reduction of the country's net foreign debt. That is, the budget is markedly inflationary and destabilizing, and its destabilizing effect will not be confined to disruptions in the sector of the market and prices.

The federal budget next year is supposed to run to 1217 billion dinars. The Federal Executive Council is arguing that this is not very much, since the federal budget's share is only 7.3 percent of the country's social product. The brief supporting the Draft Budget for 1986 presented figures on the share of the budget in the country's social product. In 1981 the share of the federal budget was 7.7 percent, in 1982 6.8 percent, in 1983 6.4 percent, in 1984 6.2 percent, which is what it is estimated to be this year as well. It is stated that in 1976 the federal budget amounted to 10.2 percent of the social product. One can express doubt about the figures given, and that from two standpoints: first, in 1976 the pattern of the budgetary expenditures and functions of the federation were somewhat different (broader) than at present; second, the estimated social product for 1985 and the planned social product for 1986 are not altogether realistic. This is also indicated by the figure on income and social product achieved in the socialized sector of the economy over the period January-September of this year (the national income of the socialized sector of the economy amounted to 4200 billion dinars). Even if all these figures were realistic, the fact remains that the share of the federal budget in the country's social product will be increasing next year.

At whose expense? Will there be a reduction in government expenditure, that is, the budgets, of the republics, the provinces and opstinas? According to the Draft Resolution there is to be a reduction in precisely that sector. Is that realistic? It should be said that not a single function of those sociopolitical communities has been abandoned, nor has a single consumer been cut from the budgets of the republics, provinces and opstinas. It might be said that there has even been an increase in the need for additional material interventions by precisely those sociopolitical communities. First of all, it is a question of material interventions in the economy whose increased volume is demonstrated by the social compacts that have been prepared in the republics on the collection of money to finance the development of particular activities, to cover losses on certain transactions, to solve social-welfare problems and the like.

What room is there for cutting back investment projects? The real volume of investments in the economy has been dropping for several years now. A new reduction of considerable size is hardly even possible. Anyway, both the volume and the pattern of investments up to now have and will have an impact towards the technical and technological lag of the Yugoslav economy, disruptions in the structure of production, and stagnation. Nor is any considerable reduction in social-service expenditure possible. Reduction of consumption in this sector would signify a further relative decrease of personal incomes of those employed in the social services and benefits on the basis of old age and disability insurance.

There remains, then, the main carrier of the burden in the redistribution of the national income. This is the personal consumption of the population. The economic consequences of that kind of redistribution would be markedly unfavorable, as in fact the terms in that sector have proven. It is not just a question of a further reduction of the motivation of those employed, of an inevitable levelling of personal incomes, but also of profound disturbances in the sector of consumer goods production. Inventories will continue to grow, as will the costs of financing them, and that will inevitably make production more expensive. So far every redistribution at the expense of personal consumption has mainly come down to a drop in the real personal incomes of those employed in the economy and in the social services. The real income of farm households also dropped this year and last. Is it possible to carry out the kind of redistribution in the sector of personal consumption that would fall largely on that portion of the population which is deriving the highest income on the basis of labor, functions and property. This kind of redistribution would signify a completely new tax system and a new tax policy, to which no very serious consideration is even being given at present.

#### Two Federal Budgets

The federal budget planned for next year is not such a small item in the proportional breakdown of the country's national income. The sum involved could amount to about 40 percent of the total amount of personal incomes that will be paid next year to all those employed in the Yugoslav economy.

### Pattern of Expenditures of the Federal Budget

	Amount, in billions of dinars	Share, in Percentage
1. YPA [Yugoslav People's Army]	784.7	64.5
Current financing	765.0	62.8
Obligations from previous years	15.4	1.3
"Own" Income	4.3	0.4
2. Other purposes	432.7	35.5
Supplemental resources	88.3	7.3
Welfare of disabled veterans	126.0	10.3
Military Pensions	74.5	6.1
Special funds to Montenegro	1.7	0.1
Operation of federal bodies and agencies	70.3	5.8
Obligations related to credits	32.0	2.6
Exchange-rate differences	10.8	0.8
Material reserves	16.0	1.3
Other expenditures	13.9	1.1
TOTAL EXPENDITURES	1,217.4	100.0

For all practical purposes we are talking about two separate balance sheets. The first one, that of the YPA, is so global that "own" revenues, inserted in order to make three items, figures on the side of budget expenditures. In any case, this balance sheet has a share of 64.5 percent in the total federal budget. Current financing alone, which represents a 62.8 percent share of the federal budget, comprises 5.2 percent of the national income plan for 1986. If military pensions are added to that balance sheet, the share of the military budget and the federal budget would increase to 70.6 percent.

The federal budget is not divided into two budgets only with respect to budget expenditures. There are also two completely independent budgets on the revenue side.

### Pattern of Federal Budget Revenues

	Amount, in billions of dinars	Share, in %
1. Turnover tax	370.2	30.4
2. Customs duties and import charges	234.6	19.3
3. Administrative fees	4.9	0.4
4. Revenues of bodies and agencies	17.3	1.4
5. Other revenues	6.7	0.6
Federation's own revenues (1-5)	633.7	52.1
6. Contributions I	408.1	33.5
7. Contributions II	175.6	14.4
Total Contributions (6+7)	583.7	47.9
TOTAL REVENUES	1,217.4	100.0

The share of the basic turnover tax, which belongs to the Federation, in the planned amount of 370.2 billion dinars, is channeled directly to the credit of the YPA. The entire revenues from customs duties and import charges, after deduction of the portion refunded to exporters (stimulation of exports) on the basis of tax and other deductions, in the amount of 234.6 billion dinars, also goes entirely to the benefit of the YPA. This means that all of the Federation's own revenues, with the exception of the income of administrative agencies and miscellaneous revenues, which in quantitative terms are not sizable, are channeled directly to the benefit of the YPA. Since these original revenues of the Federation are not sufficient to cover the expenditures of the YPA, a division has been made in the contributions paid by the republics and provinces to the federal budget into two types. What is referred to as Contribution I, in the amount of 408 billion dinars, is used to finance what are called "other" purposes, while Contribution II, in the amount of 175.6 billion dinars, goes to finance the YPA.

The relative reduction of the YPA's share in the distribution of the national income, along with other objective reasons, can be used to justify the proposed increase in this share of the budget. However, there is not a single reason for breaking the unified federal budget into two separate budgets. Nor is there a reason to directly channel the Federation's entire share in the basic turnover tax directly to the benefit of the YPA, and that not only in order to preserve the unity of the federal budget but also to preserve the unity of a part of a fiscal system. The basic turnover tax (in quantitative terms by far the most important fiscal instrument), has exceedingly important repercussions on the volume and pattern of production and consumption. This means that interventions are indispensable during the year (introduction of the basic turnover tax, abolishing the basic turnover tax, changing the rates). The question is whether a budget fettered in this way allows timely interventions to be made in this domain.

Everything that has been said about the basis turnover tax also applies to customs duties and import charges. That is what makes the unity of the federal budget indispensable. It is another question that the federation's own revenues - a portion of the basic turnover tax and customs duties and import charges - are not appropriate tax instruments on which the federal budget should be based. It would be far better if the federal budget were fed mostly, aside from the contributions of the republics and provinces, from direct progressive taxes on the incomes of individuals.

#### Change the Tax System

Changes in this direction are also indispensable on economic and social welfare grounds. The present tax system has superiority only from the standpoint of fiscal considerations. The resources on the basis of the turnover tax and customs duties can be realistically planned, they can be increased if necessary by raising the rates, and they flow regularly into the government coffers. The negative consequences are considerably greater. These markedly inflationary instruments which have been raising the general price level very rapidly. Also, these instruments, especially the turnover

tax, have adverse social welfare consequences, since the level of the tax burden is as a rule inversely proportional to the ability of taxpayers to pay.

#### Pattern of Revenues of All Budgets Jan-Oct 1985

	Budget Revenues Distributed, in billions	Share, in Percentage
TOTAL	836.5	100
Tax on corporate income and taxes charged to personal income	121.2	14.5
corporate tax	49.5	5.9
personal income tax	45.4	5.4
farming	5.7	0.7
other	20.4	2.4
Turnover tax	579.1	69.2
basic turnover tax	399.3	47.7
special republic turnover tax	84.2	10.1
special opstina turnover tax	90.0	10.8
tax on income from property and property tax	5.6	0.7
Administrative fees	10.5	1.3
Customs duties and special import charges	110.1	13.2
Revenues under special statutes	4.2	0.5
Other revenues	11.3	1.4

The Long Range Economic Stabilization Program envisaged essential changes in the tax system and tax policy. In addition to a reduction in the relative share of government expenditure in the distribution of the social product, provision was also made for a change in the structure of the set of tax instruments. There was supposed to be an essential reduction in the quantitative importance of indirect taxes, especially the turnover tax, and an increased share of direct progressive taxes.

Regardless of the agreements reached concerning the tax system and tax policy, there have been no essential changes, as in fact is proven by the figures on the pattern of revenues of budgets of all sociopolitical communities over the January-October period of this year.

The taxes individuals pay on income from property and on property have even been reduced from what they were three years ago. Between 1982 and 1984 the share of these revenues in total budget revenues ranged at about 0.9 percent, and then this year they dropped to about 0.7 percent.

Every federal budget, regardless of how high it is, has to be inflationary in nature given this kind of set of tax instruments. It is so made up that the complete burden of foreign debt and the domestic economic crisis falls on the backs of those earning regular income on the basis of employment and from farming. Why is it that an approach has not finally been made to

policy. The dominant place would have to go to progressive taxation of household income. This example shows that we are not talking about scant resources that could be obtained in this way. The net personal incomes of all persons employed in the socialized sector (the economy and noneconomic activities) will amount to about 4200 billion dinars in the coming year. Is it not realistic to collect 10 percent of that amount, that is, 420 billion dinars, on the basis of taxation of household income. Another 200 billion dinars could certainly be collected on the basis of this kind of tax instrument from individuals who do business with their own capital and also from those who are realizing high income from property and who possess property of markedly high value. This is a sum equal to the total revenue that will be collected next year on the basis of the basic turnover tax (the part that goes to the Federation and the part that goes to the republics and provinces).

In another tax system, one based on this principle, altogether different results would be achieved with respect to the economic consequences of the proposed size of the federal budget with respect to inflationary pressure and social-welfare impact. It would in fact be worthwhile for our federal budget, including resources for the YPA, to be fed mostly from direct progressive taxes to be paid by all households in Yugoslavia.

In any case, large expenditures which most probably will be covered with inflation have not been given a place in the federal budget for next year. Exchange-rate differences are an example. Provision was made to cover them in part with only ten billion dinars set aside in the federal budget next year. The figures below show what an insignificant sum this is. Exchange-rate differences rose about 1,000 billion dinars for the National Bank of Yugoslavia in 1985 alone. These are the exchange-rate differences on the basis of the foreign-exchange savings of individuals and on the basis of the loans taken by the Federation, that is, by the National Bank of Yugoslavia.

We cannot anticipate that the republics and provinces will be able to pay the federal budget 583.6 billion dinars on the basis of their contribution. If we want to achieve that, then there will have to be a drastic rise in the rates of the special republic turnover tax. Yet the draft resolution for next year calls for an essential reduction and discontinuation of the rates of the special republic and opstina turnover tax, which is yet another piece of evidence that the tasks contained in the resolution for next year are utterly unrealistic. We should anticipate the consent of the republics and provinces to the inflationary financing of the federal budget, to an increase in note issue and to a rise of the rates of the turnover tax.

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## GLIGOROV HIGHLIGHTS PLANNING PROCESS DEFECTS

Belgrade NEDELJNE INFORMATIVNE NOVINE in Serbo-Croatian 1 Dec 85 pp 18-20

[Article by Kiro Gligorov: "Step by Step, Marking Time"]

[Text] We are not prepared to draft and enact a realistic 5-year plan which on the basis of full realization of the Long-Range Stabilization Program would constitute a specific program for getting out of the crisis. With relations in the economy in disarray, above all the extremely entangled and irregular financial situation, and then the obligations of organizations which have not been cleared up, illiquidity, losses, and above all inflation, do not allow the kind of planning that would be based on realistic economic parameters, income, prices, an assessment of the effects of investment, and so on, which would be indispensable to a plan that was at all realistic. Under such conditions it is difficult for any collective to take a position concerning its own plan or the social plan and to accept responsibility for its fulfillment.

Why is that the case? What I have in mind is that all the necessary changes in the formation and distribution of income have not yet been carried out that would coerce and motivate producers with economic pressure to turn toward economy of labor and social capital, to the fact that relative price relations corresponding to a market economy have not been established, and accordingly the present position of certain groupings, branches, and individual economic entities is not based on real economic foundations. These are not conditions encouraging for establishment of linkage and association, and accordingly the conditions do not exist for any very serious change in the fragmented nature of the economy and the underdeveloped division of labor, at least not for the foreseeable future. Under such conditions there is not much one can expect from the plan itself.

Taking into account that certain essential laws embodying the system are to be enacted at the end of the year, some have not yet even been proposed, such as the Law on the Monetary and Note Issue Mechanism, nor can any direct impact in the sense of a change in the conditions for carrying on economic activity be expected from their enactment. As shown by experience with the Law on Prices, the Social Compact on Division of Income, and the Tax System, it would take between 1 and 2 years for them to be put into practice, and even then the results would be very uneven.

Under such conditions it is very difficult to define development policy and its priorities, since consistent conditions for the conduct of economic activity and joint plans for production and development conceived on that basis are lacking. And the plans we are referring to are not suppositional plans tailored to some scheme for vertical linkage, but plans whose linkage would be based on economic and market necessity, together with science, with foreign producers, that is, based on a linkage that would arise out of reality, out of specific conditions and needs, not out of theoretical constructs. As we know, there still does not exist any established technological strategy, there is no energy program in the form of documents for direct use, and that is not to mention the appropriate organization and possible contributions of science in that connection. These are all either open questions or questions on which a bare beginning has been made, but they are very important when we talk about a plan that is supposed to be the basis for moves aimed at getting out of the crisis.

#### A Long Time, Quite a Few Compromises

That is why our 5-year plan, although it is not based on physical quantities, although it is based on economic criteria, although it demands market behavior with emphasis on the world market, contains many characteristics and defects of plans in the past. Our planners, aware that there are no great strides that can be taken, have followed the middle line between extrapolation of present trends and the desire to plot a course of more dynamic development. However, there is no guarantee that even that middle road will open up, just as it has not in past years. This year has been very instructive in that respect.

Neither the political nor the economic conditions have yet been created for the upsurge envisaged by the plan or a still more dynamic one that would activate all the physical and human potential. When I say political, I am thinking of ideological unity based on the basic premises of the Stabilization Program and the mechanism for reconciliation and decisionmaking which is out of tune with the times in which we live, with the demands for changes necessitated by the present economic crisis and especially by the third technological revolution. This applies to the greatest degree to executive agencies as well, political and governmental, which need a great deal of time for every step, quite a few compromises, and there is no guarantee that what has been decided will be carried out.

Since the 5-year plan is not only a plan of economic development, but also of social development, these and other questions related to the social services--to the sector of housing and municipal services and utilities, to the quality of life, to social welfare and the like, have not been debated satisfactorily, yet these are questions crucial to assessment of the quality of the plan and of its realism, and they are also decisive to the set of political and economic steps that ought to follow.

Without those assessments, and when in practice it takes between 2 and 3 years to adopt all the measures that could bring about changes in the status quo with respect to survival and guaranteeing the country's external liquidity

above all, it is difficult to say what this 5-year plan could bring and whether it will have any effective impact on practice or will experience the fate of past 5-year periods, when everything went its own way regardless of it except for those provisions which gave the right to borrow abroad, which established conditions for development of the underdeveloped, and so on. Such plans do more harm than good. They allow us to say that we have a planned economy, but actually they are not performing their function. That is why we seem at first to represent a grave contradiction--autarky at all levels and a high degree of spontaneity in development, while at the same time the vital need for greater openness to the world and for comprehensive linkage within the country is constantly pointed to.

#### Forecast for the Nineties

Without even going into the other dilemmas concerning the plan--the differing views concerning the social plan come down to the fact that those who critically assess our abilities to alter the present situation and apply the Stabilization Program feel that the period of straightening out internal relations, of a gradual shift from the present situation to an economy which will be turned toward the qualitative aspects of economic activity and efficiency, will stretch into the nineties, and they therefore predict somewhat improved growth rates than the present ones and an aggravation of the social and economic problems which cannot be resolved at that rate of development. It is a question both of economic and technical-technological lag, and also of still more serious problems in creating new jobs, the standard of living, and housing.

Others are not satisfied with the rate envisaged in the plan, since they feel that our capabilities are objectively greater and that continuation of the present stagnant, or somewhat improved trends could jeopardize social peace and that we have no other alternative than a larger expansion of exports and higher growth rates than those that are given in the plan.

Commitment to one or the other or a third variant is possible only if one is quite sure of the kind of moves and changes and the kind of flow of time we are willing and able to make and at the same time of the kind of organizational, personnel, and other changes related to the economy and the social structure we think we are capable of. That is the assessment which the subjective factor, the LCY above all, can make by evaluating the situation within the party and in society, the balance of power, the readiness of the working class, after its adverse experience in carrying out the Stabilization Program so far, in which it made the greatest sacrifices. Accordingly, readiness and determination to carry out all the necessary changes envisaged by the Long-Range Program are entirely correlated to higher growth rates and getting out of the crisis. Otherwise the discussion of growth rates and the bickering back and forth about who is in favor of higher rates and who is in favor of lower growth rates has no practical importance.

#### Obsession With the Present Organization

Given the economy's low rate of capital formation, the hesitation or lack of businesslike readiness of our organizations to obtain foreign capital on the

basis of partnership, to develop the small business sector considerably more broadly and faster, both within and outside the socialized sector, to stimulate savings and above all commit the resources of individuals in various forms, there hardly can be new and profitable production and investment projects justified by the market and adoption of new technologies. Without that our position in the world will not be more competitive. Our banking system is not adapted to that kind of orientation, and the resistance to making it an effective business organism, to its deregionalization, and to its becoming a powerful tool of associated labor in applying economic criteria in the conduct of business, will be very great and will last for several years.

Our obsession with the present organization and our inability to adapt rapidly from the organizational standpoint to technological and economic changes show how inflexible our economy is, how rigidly it is set up and limited in its business operation and decisionmaking by all kinds of statist restrictions, but also those which wear the clothes of self-management. Under such conditions it is difficult to keep pace with the demands of the times and establish real economic responsibility.

#### The Coming Years: There Is No Way It Can Be Easy

So if the prospects are poor for expansion of exports, for additional new capital, if it is difficult to get the existing social capital in motion, and if under the conditions we have so far been aware of and in the type of behavior we know there are no reliable prospects for achieving appreciable changes, mindful, of course, of the time factor, then it is difficult to anticipate the kind of upsurge, the kind of technological modernization, and the kind of efficiency that would open up the road and opportunities for bringing the crisis to an end. And if that does not come about, then we will leave behind us a decade of more or less stagnant development which will not fail to have its political and social consequences. Take next year, for example. If we go about things as we have done and make decisions the way we have, it can hardly be different from this year. And if we successfully put an end to the lengthy period of enacting the changes in the system, and they are only a part of the indispensable changes, if we even achieve some kind of agreement about relieving the burden on the economy (and this is not to mention all the other things which have now been started or things whose commencement has been suggested), and provided that the executive authorities are expeditious in doing everything on the basis of those decisions that is involved in elaborating them or making the decisions to implement them--all of that can be set in motion only in the second half of the next year. And we will see whether all of that will be easy or not. As a matter of fact, we know it will not be. The new executive bodies and Assembly will take time to become familiar with all of this and to organize themselves as a collectivity capable of turning toward fulfillment of the plan.

It is also clear now that we cannot get out of inflation if we go on treating it as we have and if we are not sufficiently ready to undertake changes in all segments of the economic system and all segments of economic policy and development policy. Yet with this kind of inflation or inflation only half as great there is great uncertainty about anticipating qualitative changes in the

conduct of economic activity or a future development that has been well-thought-out and defined on the basis of reliable economic calculations.

### The Conflict Between Statism and Self-Management

Under such conditions the conflict between statism and self-management will be aggravated, but it will not be resolved. Its resolution necessitates a different position for the economy, a different attitude of the political factor toward the economy at all levels, a different division of responsibility among the economy, politics, and science.

Self-management will develop if the conditions are created for productive work and efficient conduct of business on the basis of the workers truly taking command of income and resources, along with full responsibility for the results of work, and not by virtue of some separate planning of self-management as a social relation, and that by making the biggest possible pile of accords, plans, reconciliations of one and the other with everything and everyone, the largest possible pile of referendums in decisionmaking, and so on.

As for the choice of production and investment projects, the dilemmas being debated are either doctrinaire or regionally tinted, they do not take as their point of departure that the major portion of production and investment to expand production should arise out of the market. If that principle is honored, priorities must necessarily be reduced to their true measure. If in all of this we had economically justified relative price relations, those priorities would be indisputable and minimal. The present priorities and disputes concerning them arise either from the fact that various branches have essentially differing economic positions, or someone is using this to impose a regional bias, most likely because it is believed that a particular branch will not progress unless it is especially emphasized in the plan. In actuality this perpetuates the strong statist frame of mind and treatment of the plan and planning regardless of the laws of the market.

Perhaps the impression is not justified that the debate about the social plan has not been causing any great controversies. This is confirmed by the entire course of the debate. People want corrections in the way things are said, some of the objectives have been put in a different order, and there have been changes in emphasis, but actually there have been no great disputes. The social plan covering the period up to 1990 will be adopted, I am convinced, with relative ease by comparison with any of the laws embodying the system. This is the best evidence that this plan will not hinder anyone from continuing his own policy, from deciding any way he wishes. This is natural, since the plan comes in advance of important decisions which have not yet been made, it leaves many open questions as to the conditions for the conduct of economic activity and development, so that views have polarized around growth rates, which have no true importance when taken separately from the necessary changes, and then the disputes have been about joint development programs, where indeed there is something to debate, since they are built up from below, on premises that have yet to be tested by reality. If conditions had been established making the formation of associations a necessity, the process would have been the other way about, and the plan would have supported and guided

that process. In the absence of that, this is an attempt which will be more or less successful, but certainly it will be different than it has been sketched out in the plan.

Should we then adopt a plan, and when? I think that now it is difficult to talk about that, since it is late. If the congress were not just about to take place, then we might even reason differently, postponement for 6 months or a year would not mean anything if in the meantime conditions were created for that plan to be in line with the logic and the demands of the law on planning on the basis of changes that had been carried out in advance, but now things are as they are, we need to do as much as is possible, to devote attention to those changes which at length we will have to make.

#### Formal and Real Obligations

In any case, we should prepare ourselves for this plan having to undergo essential changes even in 1987, but, of course, by that time we will have completed the first phase of the Stabilization Program and created the precondition for the inevitable structural changes in our economy.

In short, the practice in carrying out the Long-Range Economic Stabilization Program has so far shown unambiguously that the tactics of going step by step, of extracting in a partial way individual measures and recommendations from the entirety of the program, the method of compromise in conceiving them, in failing to carry them out, and in making these individual changes not only have not guaranteed that the way will be open for dynamic development, but they do not afford the possibility of getting out of the crisis in the foreseeable future.

The social plan, with all the shortcomings we have referred to, could become a document for action if by the end of this year and the beginning of next year all the steps postponed in carrying out the Long-Range Program are taken, and if changes follow quickly in development policy and economic policy, along with well-thought-out and necessary changes in the political and social sphere. Those changes would very quickly show what needs to be changed in the 5-year plan for the plan to become the basis for action over the next 5 years. Otherwise its adoption would signify only fulfillment of a formal obligation that has no impact toward changing the present situation. And that situation is in need of urgent, well-thought-out and rapid change.

[Box, p 20]

What Needs To Be Done if the Plan Is To Have a Real Impact on Developments in the Economy and Society?

1. Leadership bodies at all levels must be more homogeneous in their ideology and more capable of action;
2. a program elaborated and quantified of the urgent changes envisaged in the Stabilization Program in the first and second phases, to go into effect in the coming year;

3. the urgent and fundamental clearing up of the present financial situation in the economy and all other institutions, so that obligations and responsibilities are clear;
4. organizational and business revamping of the economy to accommodate those operating conditions and conditions for the conduct of economic activity. The capacity of basic organizations, work organizations, and complex organizations to reorganize under the pressure of economic necessity without regional, financial, and any sort of restrictions. This also applies to the economic chambers, other associations, and to the creation of the new ones which do not now exist, but which are necessary to the economy;
5. a strong process of personnel changes is needed in keeping with the results which every economic entity achieves without waiting for the elections and the end of the term of office of professional management entities. The LCY should focus its activity on this, relying above all on the election of personnel by collectives;
6. this process in the economy must necessarily be followed by a course of debureaucratization of all social structures, by simplification of social organization, and by optimalization of social decisionmaking and of all the social services;
7. the entire government apparatus must be modernized, since in its pattern of operation and its personnel makeup it cannot perform its functions successfully. The decisive criterion for professional and professional management tasks and functions should be ability and professional and business performance, and for positions of leadership the criterion should be a combination of professional competence, organizational abilities, and proven public service.

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CSO: 2800/137

## ECONOMIST POPOV DISCUSSES NEED FOR RADICAL REFORM

Belgrade INTERVJU in Serbo-Croatian 6 Dec 85 pp 8-12

[Interview with economist Sofija Popov, senior scientific associate of the Institute of Economic Sciences in Belgrade, by Dragan Barjaktarevic: "A General Redistribution of Poverty"; date and place not given]

[Text] Sofija Popov, doctor of economic science, for many years a senior scientific associate of the Institute of Economic Science in Belgrade, is among those theorists and researchers who favor radical changes of Yugoslavia's economic system. Without those changes, she said, it is absurd and illusory to anticipate getting out of the crisis. "Yugoslavia has one of the highest rates of inflation in the world. There are few countries who have a higher rate except those which have experienced war and various revolutionary upheavals. We cannot expect to solve the problem of inflation without a permanent solution and without changes in the economic system," Dr Popov says, emphasizing that for present there is no willingness to change the system.

Dr Popov is above all a specialist in the problems of income and distribution, which can be said to be the key link in the chain of Yugoslav economic and social phenomena.

[Question] A group of experts of the Institute of Economic Sciences in Belgrade, you among them, have prepared a study at the request of the Federal Bureau for Planning on the "conditions, possibilities, and prerequisites for development of the Yugoslav economy, with special emphasis on an analysis of the dependence upon imports and of investments...." Conditions, possibilities, and prerequisites.... Which here is dominant? Is it at all possible to plan under such conditions (a crisis which is striking deeper and deeper)? What is to replace a plan?

[Answer] Certainly the plan has no alternative. When I say plan, I am referring above all to the plan of the Federation, since we cannot say that there is planning, if there is no planning at the level of Yugoslavia. It is well known that the capitalist market economies cannot be effective without planning. This should also apply to self-management socialism, which has come onto the world scene with an ambition to be an efficient system, although the market has been unable to operate as efficiently in it as in capitalism because of the differences in the systems. Accordingly, if the Yugoslav economy

is to be efficient, it must be guided by a plan, and corrections made at the points where the market cannot offer socially acceptable solutions.

Here the question arises of what planning means to us under the present conditions? It exists mainly on paper, embodied in laws, but it does not exist in practice.

It is well known that not a single plan has been fulfilled since 1961. Since that time we have been up in the clouds instead of standing on the ground. How does the saying go: If you look at the sky in the water, you see a fish in the trees.

[Question] Why were mistakes made in those forecasts?

[Answer] Because we "sketched" the plans, but we did not create the mechanisms whereby those plans might be fulfilled.

That is, if any plan is to be fulfilled, a set of instruments has to be created whereby its fulfillment will be guaranteed, and that we did not manage to do. Planning in Yugoslavia therefore comes down to an optimistic forecast which is based more on subjective wishes and the ambitions of the forecasters than on the objective capabilities of the economy and society. This seems to be like a horse race: You enter a lame horse in a race with thoroughbreds and you expect it to win!

Moreover, planning at this moment is made difficult by a number of problems which have become larger and which need to be solved all at once--high inflation, immense unemployment, a low growth rate of output, restrictions on imports, stimulation of exports which diminishes the domestic supply, various structural problems, limitations imposed by the balance of international payments, the impossibility of new borrowing and investments, and so on. Accordingly, these are very complicated problems that require special measures if they are to be resolved or indeed even if a beginning is to be made in resolving them.

[Question] The crisis is of such dimensions that it can hardly be controlled and the directions it will take can hardly be foreseen. So "conventional" planning is a kind of illusion?

[Answer] Yes, in the present system that is certainly an illusion. An illusion which has become part of our everyday life and which we live with, which is paradoxical, as though it were normal.

[Question]. The political planners have "decided"--we do not indeed know how--to break the horns of inflation in the shortest time, all but standing with a stopwatch in their hands. Isn't this like making plans without consulting those concerned, like making promises that cannot be backed up? That is, you say that this virtual volcano of inflation cannot be extinguished without a radical change of the economic system. No longer is it a question of what to change, but why nothing is changing?

[Answer] Right, I say that our inflation cannot be restrained without radical changes in the economic system. When I say restrained, I mean brought within the range that other countries work with, above all those who are our trading partners, and that could and should be our realistic objective in combating inflation. Why do we need radical changes? For the simple reason that it is the economic system, the way it now stands, that at many of its points has figured as the generator of the crisis and inflation.

For years now a large group of our most elite economists have taken this view, proven it and backed it up, but their appeals and scientific research seem to have fallen on deaf ears.

[Question] What are the principal points at which the economic system figures as a cause of inflation?

[Answer] I might mention a whole list of shortcomings of the economic system which have been causing inflation most directly, but let us reduce this to several of the most important ones. Our system of distribution, for example, contains the paradox that the total amount of distributed income may be greater than the mass of income earned, which under normal economic conditions is simply unthinkable, absurd. Further, we do not have objective criteria governing the distribution of income by purpose, nor do we have any sort of social guidance in that direction consistent with society's needs in development. That is why we have been in a situation where the portion of income which functionally should go to accumulation has for years been poured over into consumption--personal, social service consumption, while accumulation [original reads "inflation"], as a residual item, has steadily shrunk until it entered the domain of negative values. Since they accordingly did not have their own resources for development, economic organizations financed their development more and more with bank credits, so that their indebtedness increased uninterruptedly. Those credits were covered in part by borrowing abroad and in part directly from note issue, that is, in a directly inflationary way. The inflation that came about in that way simply devalued even more the resources set aside for consumption and in that way seemed to bring those resources within real limits. When in the eighties we lost the opportunity to borrow any more abroad, those limits were so constricted that what happened to us objectively had to occur: the drop in the standard of living, the drop in personal incomes, pockets going empty.

[Question] Even the experimentalistic price policy put a needle in inflation.

[Answer] Along with the paradoxes in the system of distribution, that is undoubtedly the essential "neuralgic" point of inflation in Yugoslavia. The price system itself makes it possible for all costs to be passed over into prices regardless of whether they were initiated from the standpoint of demand or are altogether subjective in nature. It is thus possible in our economic system to find a way out of difficulties--which have arisen through higher costs because of unused capacity, or, what is still worse, from a growth of inventories, that is, from the impossibility of selling output--by raising prices. This is also paradoxical for a market economy and contrary to the logic of business and economic practice, since our rigorous empirical research

shows that the rise of prices is usually greater than the rise of costs, so that room is created for a new rise of personal incomes.

[Question] But there has been a political decision, as we have said, to combat inflation even without those changes (since no work is being done on them)!

[Answer] That political decision has stood for 20 years now. This is the last chance, to borrow a phrase from the politicians themselves, to pass from words to deeds. As someone has said, hope is alright for breakfast, but it will not do for dinner.

At one time, 20 years ago, or 10 years ago, all those changes would have been easier to make in the economic system, since science pointed them out in good time, but if they do not come about even now, we might soon find ourselves in a situation where it would be too late. What I mean is that time is passing, any postponement could be fatal. Today, of course, the changes will be painful, many sacrifices will be demanded, many people will have to lose what they have become accustomed to--economic privileges and political conformism above all. Nor should the effects of the changes be anticipated overnight, nor should the people be given such an illusion. The Chinese have a way of putting it: If you planted a walnut tree in the morning, don't think that you will nap in its shade in the afternoon.

[Question] Nevertheless, tell us why that passage "from words to deeds" has been constantly postponed in our country, why do we stand "steadfast as a rock" and go no further than words?

[Answer] That question has not been put to the right person. It seems to me that our madam prime minister or the president of the SFRY Assembly, for instance, might or should know the answer to it.

[Question] There is an aphorism about the man who worked like a horse, but retired as an ass. The crisis and inflation have been devaluing human labor. People simply ask themselves the paradoxical question: Why should I work when it brings me more harm than good?! Yet who does derive good from it? Who is eating the income of the worker when he works and has nothing to eat?

[Answer] I agree that worker incentives should be linked to personal incomes. However, too much emphasis is put in the public on the absolute level of personal incomes, while relative relations are neglected as a factor in motivation. It is indeed indisputable that the drop in personal incomes acts as a disincentive upon the worker, but it seems to me that the worker is discouraged still more when his colleague gets the same amount of money as he with less work or when another colleague employed in another organization gets a personal income that is several times larger for the same or still less work. I think that this is overlooked when people talk about incentives in distribution. It is clear that the worker himself cannot do anything here, even though he and the trade unions talk about it constantly.

Income is now at a level where "salaries," given the negative productivity of labor and the critical stagnation of output, must necessarily fall. What

then? The opposite direction is possible, that is clear even to first graders, only if productivity, output, and economic efficiency rise, but that cannot be done overnight. However, it seems that relations in personal incomes could be brought into alignment relatively quickly, the possibility of measuring the same work with different yardsticks could be eliminated. I think that in this redistribution, which I feel confident in calling it, there is an untapped potential for protecting those with the lowest personal earnings.

We ought to be clear about the fact that no serious social welfare policy can be conducted under these conditions at the level of the enterprise, but only at the level of Yugoslavia. The situation, however, is the other way about, which is a paradox, since social welfare problems are in fact located in the poorest economic organizations. When they are solved in those organizations, the result is necessarily leveling, which is an important element in the discouragement of the workers.

The income from work is now so low that we are all eating poorly, as you put it, some more poorly, some less poorly. All those who live from their work, from their personal income, are seriously threatened. The only ones who are doing well are those who have income from property, from interest on foreign exchange accounts....

[Question] Since you are among our most eminent specialists in the distribution of income, it would be interesting, although the topic is "difficult," to explain to our readers where and approximately when we have made the cardinal mistakes in this experiment, since it is obvious that there is too much confusion in this important area.

[Answer] It all began in the late fifties when we abolished the wage rate schedules and made the move to evaluation of labor and the results of labor on the market, from which the principle of distribution according to work and the results of work was supposed to be derived. However, we did not create the actual conditions for operation of the market, so that the market operated in such a way that it could be used as an objective measure of the results of work. Nor indeed did we define even the indicators of business performance, nor the criteria for distribution of income among particular purposes. Unable to find satisfactory solutions for all that, under the guise of the theoretical premise that the workers are taking control of the entirety of income, they were left to make decisions about that distribution unrestricted by earmarking. Many things in general became extremely cloudy.

[Question] Obviously the so-called Yugoslav distribution of income does not exist, especially after creation of the autarkic national economies, and the question logically arises: Can one say that the working class has the "leading role" in Yugoslav society, which is what the party program and the resolutions of all the postwar party congresses insist on?

[Answer] I think that we should frankly state that the working class does not have leading role, since among other things it has no influence on either the conditions for the conduct of activity, that is, on what is essential and decisive, but is sovereign only in distribution of that portion of income which

is left in the organization of associated labor, and the size of that portion of income depends in turn on a set of circumstances in which the decisions of political authorities are dominant, and they do not rely, at least not sufficiently, on economic criteria and laws.

It is difficult to state unambiguously who in Yugoslav distribution comes off worst, but in any case, at the present rate of inflation, those who do the heaviest work come off the worst, since their earnings have been devalued for years.... Certainly the unemployed come off the worst, since they are deprived of the constitutional right to work, to the use of social resources, over which the employed have a monopoly, being able to use them until they retire regardless of the contribution they make through their work.

[Question] Distribution of income...! Isn't what we have a distribution of poverty?!

[Answer] It might be said that we have a distribution of income in different variations within the limits of a distribution of poverty. While there is still much that we have to do to get away from that, we might quickly solve some of the problems of redistribution to the benefit of the poorest, as I said a little while ago.

[Question] We defined the period after the war in our development as the "period of poverty socialism," which we overcame in the fifties. Does it not seem to you that we are now going back again to the time of "poverty socialism"?

[Answer] Ever since the sixties we have been living beyond our means, we have been living as though we were not poor, when actually we were extremely poor. History is now repeating itself, but let us not forget that every time it recurs the price is higher. That is why we are now going back to those positions where we were earlier. If we had behaved differently in the seventies, our reality today would probably be less dark, and the future much more certain. "Time is the best interpreter of every doubtful law," said a wise Greek in ancient times. That thought is relevant to us. That is, time has been punishing us inexorably and severely for all the blunders and mistakes of the past. The unpaid bills simply had to be paid sometime.

[Question] Let us go back again to the topic of the interview--distribution. One hears less and less the old slogan of Yugoslav socialist development "distribution according to work and the results of work." Some people think that things have not been defined that way, some are proposing division according to socially recognized labor, others distribution according to the manpower market.... Many are convinced that we never had distribution according to work and that it does not exist today either, that that was only an empty dream. What can you say as an expert in this field?

[Answer] Marx's principle of distribution according to work was set up by the program in Yugoslavia, as we know, as one of the essential features of self-management socialism. However, Marx, as I have said, formulated that principle for a society in which commodity production had been abolished, in which

everyone would receive in proportion to the work he invested in the form of products, while labor would be measured in terms of time. Here there is no measuring of labor of differing quality, since complicated labor is reduced to simple labor, so that even it can be measured in terms of worktime. Those principles are utopian for the present. That is why the principle of distribution according to work was turned into the principle of distribution according to the results of work recognized by the market, i.e., into the principle of distribution according to results of work recognized by the market. Since our market has been very limited, since it cannot operate at all in certain sectors, since it cannot yield socially desirable results, this means that the principle of distribution according to work cannot be achieved either, neither in its original meaning nor in the sense of socially recognized results of work. That is why I told you that distribution according to work has been realized to a greater extent in capitalism than in socialism.

[Question] In view of the current political and economic conditions and relations in the country, do you believe that it will be possible to realize those principles?

[Answer] I value the idea and regard it as an extraordinary one, but I am really afraid that it will be difficult to do, since it implies a definite redistribution of income in several directions. Regional differences and the like are a big problem. If compromises are made, which is our custom, then nothing would come of it, since there could be more harm than good. It is truly tragic for us that we have very good proposals for solving the problems of the system, but when they begin to be modified, "added to," "adapted," and "reconciled," the solutions adopted in the end are exactly opposite to the superb original conception. Instead of being solved, the problem is aggravated and compounded.

[Question] The problems of distribution of income "in the bureaucratic manner" are indirectly, and perhaps even directly, related to your scientific research. One gets the impression that the bureaucracy and politocracy are in a privileged position in that distribution; that is, they are not rewarded on the basis of "business performance." One could not tell from their status that the country is in a deep crisis, an economic crisis above all.

[Answer] Those who hold political office have privileges from two sources: first, they have a steady source of income from which to cover their personal needs regardless of their work and the results of their work, and second, the very fact that their work cannot be measured and is not subject to measurement is a kind of privilege, what one might call an exception to the general rule. It would be possible to evaluate that work if it were subject to public and social evaluation. But that is no longer in the domain of any sort of models of distribution, but in the domain of the electoral system. A more refined, more democratic, and more functional electoral system in which the criterion of responsibility would be rigorous would certainly remove from the agenda the whole problem of the rewarding and privileges of officeholders.

[Question] When the standard of living drops so sharply, then it is understandable, it seems to me, that in the distribution of income the working

class would fight tooth and nail for the highest possible personal incomes regardless of the accumulation of the enterprise. This is the *raison d'être* of its bare existence. Incidentally, does it not seem to you that this is less of a problem and less of a mistake than those we have made in strategy?

[Answer] We often hear criticism of that phenomenon to the effect that personal incomes have been rising at the expense of accumulation. Yet I would not address that criticism to the workers, but to the creators of the system who placed the workers in a situation where they would behave that way. Actually they are behaving quite rationally. It is another matter that what is rational from the standpoint of the enterprise is not rational from the standpoint of society, nor even in the long run rational from the standpoint of the enterprise itself.

[Question] After all, "eating up" accumulation actually means digging one's grave, undermining the future....

[Answer] Exactly so. And the consequences of that are borne by the workers themselves, not by those who drove them to it. If there is no accumulation, there is no solution to unemployment, there are no new technologies, there is no growth of output, no restructuring of the economy, there are no opportunities for the rise in the standard of living.... In short: a witches' dance, a vicious cycle.

[Question] So the slogan of "belt-tightening" is illusory unless accompanied by real changes in the poor state of the Yugoslav economy?

[Answer] That slogan of "belt-tightening" which the politicians addressed to the working class, in this kind of crisis situation when solutions to the essential problems of the economy and politics are being postponed, is out of place, and, of course, it is unrealistic. People will tighten their belts only when they see that it makes sense, that the sacrifice will pay off.

[Question] There are those who think that the distribution of income has a bearing on the "distribution" of nationalism. There are fewer and fewer examples of mergers over republic boundaries, so that income would not flow over into "someone else's" area! We hear things like "They are eating up our income," "We are working to fill their pockets," "Bosnians, come back home..." all the way to "Trepca is working, Belgrade is being built"! What is this all about?

[Answer] First of all, we began to create national and republic economies, quite contrary, that is, to the operation of economic laws on the unified Yugoslav market. That created the basis for the swelling up of republic and provincial statisms and their politocracies and bureaucracies. Those "silent" divisions in the economic sphere have also had and are now having their very loud echo in cultural, athletics, and all other spheres. Unless we grasp the causes of these phenomena, then the consequences will always be surprising. Since we are not eradicating the causes, the consequences are a constant surprise to us.

[Question] Does our Federation know what it wants? If it does, why don't we have any benefit from that knowledge; if it doesn't, when will it? Accordingly, do we have any sort of Yugoslav conception of income as a quantitative category?

[Answer] It is obvious that the Yugoslav conception of income has been displaced onto a sidetrack by the republic and provincial conceptions. It is difficult to say whether that is exactly what the Yugoslav Federation wants, but it is obvious that it is not doing anything to change the situation. Back 3 years ago the Long-Range Economic Stabilization Program was adopted, and realization of its first phase is still at the very beginning. The price reform has not been carried out, and it was supposed to be the first step in straightening out the problems of distribution both within industries and also at the regional level. Prices, as we know, have been relieved of restrictions under pressure from the International Monetary Fund, although now control is again becoming stronger. Yet no conditions whatsoever have been created for them to really and objectively express market conditions, for economic price relations to be authentically formed. World prices have been adopted as the criterion in setting domestic prices, but we cannot reach agreement to accept the conditions and models on which the setting of world prices is based, which is also nonsense, since it would be more normal for us to adopt those criteria and apply them to our specific conditions. In this way we are introducing a new voluntarism, new imbalances, into our domestic relations. And voluntarism, as someone has said, is the most unusual of all diseases--it is not the patient who suffers from it, but everyone else.

[Question] This "distribution of poverty" seems to be leading toward egalitarian socialism. Who, when, and why favors leveling? Do you see a wave of mediocrity which threatens to overwhelm us?

[Answer] By and large leveling is not imposed on the workers from outside, it is objectively brought about from outside only insofar as the income left to the workers for "salaries" is so small that when that "pie" is divvied up, concern has to be paid to the workers with the lowest earnings, and then, of course, the spread in "salaries" is diminished. The divvying up of the "pie" is taken to the altar of leveling. However, that phenomenon has much deeper roots, and it is difficult to clear all that up this way, in passing, in an interview.

Comparative international analyses show that Yugoslavia is among the countries with the most uniform distribution of personal incomes from one occupation to another. In my opinion that is the result of worker behavior in enterprises. Such distribution does indeed rely in large part on the value system of socialist society in which egalitarianism and solidarity have an important role. However, those socialist value principles are fertile ground for mediocrity to display its aggressiveness. I think that it is very harmful to socialist society under such conditions not to take advantage of the work potential and creative potential of all the workers and not to create the conditions for the development of that potential, since it is those who are most able and most professionally qualified who alone can carry society forward. This dimension has been completely neglected in our country, which is why for such a small country as ours we have such a large "brain drain" all over the world. Our untapped potential lies precisely in better use of work potential and creative potential. At the same time tapping that reserve presupposes a break with the present system of negative selection of personnel, which is obviously nurtured by the system.

## DATA ON INCREASED LOSSES, PERSONAL INCOMES

Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 9 Dec 85 pp 20-22

[Article by Tomislav Dumezic: "The Burden of Interest and Inventories"]

[Text] The freer formation of prices this year has not brought about a relative reduction of losses in the economy. According to figures of the Social Accounting Service of Yugoslavia for the January-September period of this year, current losses amounted to 253 billion dinars and were 135 percent greater than during the same period of last, while their share in income earned was up from 3.8 to 6 percent. This fact destroys an argument that is quite widespread and is uttered without much thought - that prices in Yugoslavia are formed according to the costs of the least productive and least profitable producers.

The largest losses were concentrated in several economic activities where prices were by and large under direct social controls. But there are a large number of organizations whose prices are freely formed which had large losses in business operation over the first nine months of this year. The largest losses were in the electric power industry (34 billion), in production of chemical products, primarily in the production of fertilizer (40 billion), in the production of processed foods (35 billion), in agricultural production (22 billion), in paper production and processing (11 billion), and in the production of finished wood products (10 billion dinars).

The figures proved that the largest losses are where prices are under direct social controls. This applies to electric power, fertilizer, a large number of processed foods, as well as to the production of petroleum products, although in that activity the losses were smaller than in the previous year. However, the losses were considerable even in activities where prices are formed freely. This applies first of all to furniture production. Even in industries where markedly favorable results have been achieved over the last several years the financial results of business operation this year have been diminished. The references to the production of consumer goods, especially the production of textiles and footwear, where business losses have been occurring, and the generation of capital has been essentially reduced. So, the costs of the least productive producers are not the criterion for the formation of prices even where prices are formed according to conditions

on the market. Diminished purchasing power, the lack of working capital of their own to finance inventories, the high rate of inflation and nominally high interest rates on short-term credits have been diminishing the financial results of business operation of these organizations.

### The Effects of Inflation

Over the January-September period of this year the social product remained approximately at the level of this period of last year in real terms. The physical volume of industrial output increased 2.4 percent, the volume of construction was down by approximately the same percentage, and agricultural output was also smaller. Only tourist traffic was up (the total number of nights spent in lodgings was up 12 percent and the number of nights of foreign tourists was up 20 percent). There was an essential dropoff in both wholesale trade (6 percent in real terms) and retail trade (7 percent in real terms). It is precisely because of this kind of change in trade that the figure that real personal incomes of persons employed in the economy have risen 1.2 percent this year has been arousing quite a bit of doubt. That would be possible only if there were an exactly corresponding increase in the real volume of savings (which did not occur) or if consumption supported from other sources than personal incomes was cut nearly in half, which is also difficult to suppose.

Producer prices of industrial products were up 81 percent in this period, and the prices of production supplies within this group were up 87 percent. Retail prices were up 74 percent on the average, and the cost of living 69 percent. This figure is also arousing suspicion, since the prices of services have not been rising more slowly than the prices of goods. Perhaps this accounts for some part of the rise of real personal incomes over the January-September period of this year.

According to the figures of the SDK of Yugoslavia, gross income increased by 77 percent, which was also the size of the growth of expenditures. The growth of adjusted income (income for 1984 was adjusted by the SDK of Yugoslavia to make it comparable with 1985 income) amounted to 79.6 percent. The largest increase was in expenditures for interest (174 percent) and also in business operating losses (135 percent).

There has been a change in the pattern of business operating costs since the same period of last year. It is of interest that the costs of energy have almost doubled (the increase was 98.3 percent), although the commitment contained in the Resolution for this year that the price of energy rise faster than the average rate of inflation, was not altogether achieved. There was also an essential increase in all expenditures which in past years have been subject to temporary restrictions. This applies to expenditures for advertising and promotion (growth 141 percent), which was not merely because the regulations limiting these expenditures are no longer in effect, but also because of certain beginnings of market business behavior, especially in the sector of general consumption. There were increased expenditures for public relations (154 percent) and in expenditures to feed personnel (113 percent). Regulations on the coverage of negative differences in

rates of exchange in OURs in the economy also caused a rise in the representation of costs. Over the January-September period of this year negative differences rates of exchange amounting to 188 billion were charged to gross income, while over the same period of last year gross income was burdened with only 55 billion dinars in negative exchange-rate differences.

#### OURs with the Largest Losses

	Total Loss, in millions of dinars	Average Net Personal Incomes Paid Out	
		Amount	Index Number
INA "Petrohemija," joint and several liability, OOUR - Fertilizer Factory - Kutina	18,952	44,514	162.7
"Azotara" RO OOUR "Amonijak" Pancevo	5,498	57,721	185.9
INA Petroleum Refinery OOUR for Fuel and Aromatics Production Rijeka	4,243	51,082	197.9
Zagreb Oil Mill - OOUR Production of the "Zvijezda" SOUR -- Zagreb	3,898	37,912	160.5
RO Mine and Thermal Electric Power Plant in the Process of Establish- ment - Gacko	3,659	40,788	165.1
Rabotna organiz. rek. Bitola OOUT Rudnik "Suvodol" Suvodol-Bitola	3,020	36,349	136.2
Bitola Suvodol - Bitola	2,624	34,334	136.2
M.Z. "Matroz" OOUR "Pulp" u.z. SIP "Vojvodina" - Sremska Mitrovica	2,576	38,800	205.1
"Energoinvest" - Sarajevo, RO "Birac" Clay Mill-Zvornik	2,458	38,872	164.2
SOUR Unicep - Banja Luka, RO Card- board and Container Factory - Cazin	2,277	38,795	172.1
SOZT "Elektropanstvo" na Makedonija Skoplje RO REK "OSMEJ"	2,227	31,003	134.5
Gorenje - consumer electronics - Titovo Velenje	2,122	35,747	215.2
"Sljeme" RO - Zagreb-Sesvete OOUR Local Industry - Sesvete	2,046	32,822	165.0

#### A Rise of Interest and Credit

Total interest paid over the January-September period of this year amounted to 1355 billion dinars and was up 174 percent over the same period of last year. For example, in 1981 total interest paid amounted to only 128 billion; in 1982 this amount increased to 204 billion dinars; in 1983 the interest paid was slightly less than 400 billion dinars, and then last year it reached the amount of 819 billion dinars. Interest paid this year will exceed the sum of 1700 billion dinars.

It is significant that the revenues which OURs in the economy realize from interest collected have also been increasing in proportion to the rise in interest costs. Over the January-September period of this year these revenues amounted to 520 billion dinars, so that the net outflow from the economy on the basis of interest was 835 billion dinars. Whose revenue is that? The interest calculated in the economy on foreign credits over this period probably does not greatly exceed the sum of 200 billion dinars. The revenues of individuals from interest certainly do not exceed the sum of 300 billion dinars. It follows that the National Bank of Yugoslavia and the national banks of the republics and provinces are draining considerable resources from OURs in the economy on the basis of primary note issue. The sum approximating about 200 billion dinars is probably involved.

Interest was the heaviest burden for industry. Industrial organizations account for about 75 percent of the total net outflow from the economy on the basis of interest. The revenues of the organizations on the basis of interest were relatively small, so that industrial organizations covered only 27.6 percent of the interest they paid with revenue derived from interest. In relative terms the situation is the same in agricultural and fishing organizations. The situation is most favorable in the trade sector, where the income from interest covered approximately two-thirds of the interest paid. Export-import organizations distinguished themselves particularly in this; in spite of a shortage of their own working capital, their income from interest almost entirely covered all outlays on the basis of interest.

This kind of growth of interest and this kind of distribution among economic activities are a direct consequence of the inappropriate pattern of sources of working capital and of the high nominal growth of inventories. Total inventories reached the figure of 5,267 billion dinars, rising 87 percent over the situation as of 30 September 1984. Nearly 50 percent of the inventories consist of raw materials, supplies and expendables. These inventories are located predominantly in industry and to some extent in agriculture, and they were 92 percent larger than a year before. There was also a growth of inventories of finished products in production organizations (by 112 percent). Inventories of goods in the trade sector increased the least (63 percent) because the trade sector adapted more rapidly to the demands of the market, which to some extent was also because the trade sector did not have the money to finance larger inventories.

Such an immense increase in inventories in the economy, favored in part by the inappropriate regulations on revaluation, caused the large increase in the total amount of outstanding credit used by the economy because the economy lacked its own capital to finance current business operation. Total credit outstanding increased from 4,010 billion dinars on 30 September of last year to 7,017 billion dinars as of 30 September of this year. This total amount of credit could not but cause a large nominal increase in the interest paid. If the interest on all credits used by the economy had been approximately equal to the rate of inflation, then total interest paid would have amounted to about 3500 billion dinars.

Interest Over the Period January-September 1985, in billions of dinars

Activity	Total Interest Paid	Income from Interest	Outflow on the Basis of Interest	Ratio of Collection to Payments of Interest
Economy - Total	1,355	520	835	38.4
Industry and Mining	836	231	605	27.6
Agriculture and Fishing	117	33	84	28.2
Construction	42	33	9	78.9
Transportation and Communications	51	17	34	33.3
Trade	247	162	85	65.6
Retail	50	32	18	64.0
Wholesale	158	94	64	59.5
Foreign	38	37	1	97.4
Hostelry and Tourism	13	7	9	53.8
Crafts and Trades	14	5	9	35.7
Housing, Municipal Services and Utilities	10	4	6	40.0
Financial and Other Services	24	26	(2)	108.3

The figures on the pattern of working capital and its sources show that the problem does not lie in the level of the interest rate. The problem lies in the makeup of the sources of the economy's resources; almost all of current reproduction is being financed with borrowed resources. It is certain that this situation is untenable, that it can and must be changed. The first step is to transfer primary note issue as a whole to the business fund of economic organizations. The second step is to make a change in the system of accounting for gross income and income, in which the present system of revaluation of inventories should be abandoned, and OURs in the economy should be given an incentive not to increase inventories (this can be achieved even within the limits of the present administrative system by changing the way in which gross income and income are calculated; OURs would have to charge any increase in inventories over the initial condition to the gross income of the current business period).

#### Changes in Distribution

Although real personal income, if we assume that the statistics on the trend of the cost of living are accurate, was 1.2 percent over the January-September period of this year (at a time when the social product was stagnant), and there were practically no changes in the distribution of income and net income. Total outlays for social-service purposes had a share of 21.1 percent in income, which is 0.4 percentage points greater than for the

same period of last year. The share of outlays for government increased from 2.2 to 2.3 percent. Other expenditures made from income had a share of 10.6 percent in income distributed, an increase of 0.7 percentage points over the same period of last year. The share of income left to organizations of associated labor for net personal incomes, for social-service expenditure, for savings and for reserves, amounted to 66 percent, which is 1.2 percentage points less than for the same period of last year.

Net personal incomes had a share of 47.4 percent in distributed net income, the same as over the same period of last year. Outlays for social-service expenditure were smaller in relative terms, so that the share of net income set aside for savings and reserves remained at the same relative level. Total funds set aside for savings and reserves amounted to 995 billion dinars. If the amount of current losses is subtracted from these funds, net accumulation amounted to 332 billion dinars in industry and 170 billion dinars in the trade sector. The most favorable situation was in export-import organizations. The export-import industry employs only 0.8 percent of all those employed in the economy, but it possesses 9 percent of total accumulation.

The smallest accumulation in relative terms, after industry, was in the organizations of agriculture and fishing, in the organizations of retail trade, in construction and in transportation.

Accumulation over the Period January-September 1985, in billions of dinars

Activity	Accumulation and Reserves	Current Losses	Net Accumulation
Economy - Total	995	253	742
Industry and Mining	528	196	332
Agriculture and Fishing	35	24	11
Construction	73	9	64
Transportation and Communications	52	8	44
Trade	175	5	170
Retail	45	2	43
Wholesale	65	3	62
Foreign	65	-	65
Hostelry and Tourism	39	2	37
Crafts and Trades	20	1	19
Housing and Municipal Services and Utilities	9	7	2
Financial and Other Services	45	1	44

These results have to be taken with a certain amount of reserve. Depreciation was not realistic, since on the whole the value of the economy's fixed capital was essentially underestimated. Nor did exchange-rate differences sufficiently burden the gross income of economic organizations. The status of inventories was not realistic either, so that we can assume that they are hiding sizable losses of a large number of organizations. Nor were the

long-term lendings of OURs in the economy, nor the pooled resources being used by economic organizations indicated in the real amounts. All of this indicates the inevitability of changes in the system of calculating gross income and income, since realistic indication of the results of business operation is a precondition for the selection and implementation of appropriate economic policy measures.

[box on page 20] Losses

In relative terms the largest losses were in the economy of Montenegro, in the economy of Macedonia and in the economy of Vojvodina, where there were also the largest increases over the same period of last year.

Losses over the period January-September 1985  
Share of losses indicated in income

Republic or Province	Loss, in millions of dinars	Share of losses indicated in income	
		Jan.-Sept. 1984	Jan-Sept.1985
Yugoslavia	252,956	3.8	6.0
Bosnia-Hercegovina	33,214	3.0	6.0
Montenegro	13,420	8.7	16.9
Croatia	86,718	5.5	7.9
Macedonia	22,109	6.0	11.1
Slovenia	21,944	3.0	2.8
Serbia proper	32,207	2.0	3.2
Kosovo	6,781	7.0	8.5
Vojvodina	36,564	3 8	9.1

A loss in business operation was indicated by 2,546 organizations employing 554,000 workers. The thirteen organizations alone which had a loss greater than 2 billion dinars accounted for about 25 percent of the total losses of the country's economy.

[box on page 21] Are Real Personal Incomes Rising

The average personal income in the economy of Yugoslavia over the period January-September of this year amounted to 35,960 dinars and was 71.3 percent higher in nominal terms than over the same period of last year. Since the cost of living rose 69.3 percent over that same period, it follows that there has been a 1.2 percent real increase in real incomes per employee.

The lowest average personal income was in the economy of Macedonia (26,121 dinars), or the nominal increase over the same period of last year was also the smallest (56 percent). The highest personal income was received by persons employed in the economy of Slovenia, where the average was 46,637 dinars, which is 90 percent more than over the same period of last year.

Personal Income per Employee, index numbers: average for the economy = 100

Republic or Province	January-September	January-September
	1984	1985
Yugoslavia	100	100
Bosnia-Hercegovina	95.0	95.0
Montenegro	81.3	80.5
Croatia	106.8	104.5
Macedonia	79.7	72.6
Slovenia	117.1	129.7
Serbia proper	96.4	96.0
Kosovo	77.9	76.8
Vojvodina	104.7	101.4

The regional spread in the level of average personal incomes per worker widened this year. A majority of the republics and provinces had personal incomes that approximated the Yugoslav average. There was a relative drop of the personal income in Croatia and Vojvodina, so that persons employed in these regions was a quite considerable deterioration in their standard of living.

#### Personal Incomes by Activities

Activity of the Economy	Average Monthly Personal Incomes	Index Numbers, Averages
Economy - Total	35,975	100
Industry and Mining	36,504	101
Agriculture and Fishing	32,645	91
Construction	31,247	87
Transportation and Communications	38,241	106
Trade	36,062	100
Retail	31,633	88
Wholesale	39,404	110
Foreign	58,459	162
Hostelry and Tourism	32,166	89
Crafts and Trades	39,160	109
Housing and Municipal Services and Utilities	33,419	93
Financial and other Services	48,561	135

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## CENTRAL COMMITTEE CONCEPT OF INCOME DISTRIBUTION

Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 16 Dec 85 pp 19-21

[Article by Vladimir Karakasevic: "The Secret of the Central Committee's Concept"]

[Text] Kiro Hadzi-Vasilev, member of the Presidium of the LCY Central Committee, said at a press conference on the occasion of the Yugoslav Conference of Communist Workers on the views of the LCY Central Committee concerning "political-ideological issues related to achieving the constitutional status of the workers in decisionmaking and the disposition of income and resources for social reproduction," that actually only the text of the Draft of the Views had been involved in the public debate, but not the basic idea about the new method of distribution which the central committee had adopted in principle. Yet this has not been taken that way in a goodly portion of the discussion so far, and there have been quite a few opponents of the essence of the proposed concept (most of all in Slovenia, but some in Croatia as well), while a majority of the other participants in the discussion have made partial criticisms, put questions and talked much more about the difficulties and anomalies of the present economic system in Yugoslavia than about the central committee's actual concept.

Of all the fifteen views contained in the document of the LCY Central Committee mentioned, Views 3, 4, 5 and 6 have mostly borne the brunt of the discussion; they propose the calculation and payment of personal incomes on two bases: according to personal contribution in current labor, and - on the basis of the contribution, together with other workers, to the success of management and business operation of the OUR. The first part of personal income would be considered a cost of the OUR (the cost of manpower), would have to be at least enough to cover the workers' basic needs in subsistence, and would be socially established for regions and activities on the principle of "approximately the same personal income for approximately the same work." The workers would attain the second part of the personal income only if social resources have been managed successfully and in proportion to that success, but according to socially established criteria, in which the principal criterion would be the accumulation achieved relative to the social resources employed.

As was stated at the conference we mentioned, these were the principal innovations by comparison with present practice, while the other views of the central committee have already been more or less incorporated into the country's normative, development and planning documents, though by and large they have not been achieved. However, it has been pointed out in recent months that even these innovations are not new. In an article entitled "Equalization of Personal Income for Equal Work" Dr. Aleksandar Bajt of Ljubljana says that 25 years ago he himself advocated this kind of system for the formation of personal incomes, but after so much time and so many changes this concept could neither be acceptable nor practicable and it certainly would not signify progress for the relations of self-management in our society. At the conference concerning the Draft of Views of the LCY Central Committee held in the Economic Chamber of Yugoslavia (in early October) Dr. Anton Krasovec reminded those present that the new proposal concerning the payment of the personal income in two parts as a matter of fact is more than a quarter of a century old and was at the time intended to overcome the system of pay grades. In making this proposal, he said, we are acceding to the principle of the price of manpower as a production cost and as a socioeconomic relation, whereby in the final analysis we are again pulling out of moth balls the old dilemma which has been superseded between those who talk of "income" and those who speak of "profit."

#### Politicization and Arguments

In Slovenia the most outspoken opponent of the Draft of Views of the LCY Central Committee on income has been the Presidium of the Republic Council of the Trade Union Federation, and Dr. Aleksandar Bajt has presented the best line of argument. In the pages of the Ljubljana DELO a rather harsh argument has even sprung up between Franc Hudej, member of the business board of the "Iskra" SOUR and Francka Herga, vice chairwoman of the Slovenian Trade Unions. Hudej reproached the trade union forum for having politicized the public and brought about a blanket rejection of the concept of distribution that had been offered - without a survey of the document itself or a very serious line of argument.

Dr. Bajt's basic objections to the views of the LCY Central Committee concerning income are that they did not take into account the conditions of the high rate of inflation under which the new concept would have to be implemented and that the new system sets accumulation and personal incomes in opposition to one another, which would have an adverse impact on the motivation of the workers to invest in expanded reproduction. If, that is, starting levels of personal incomes were prescribed, Dr. Bajt feels that because of high inflation there would be a rapid change of relations between individual OURs and branches of the economy - depending on who was first and who went furthest in raising the prices of his products. This would require that "someone from outside" again establish "parity" of personal incomes all over again, which in turn would mean that prices would also have to be set administratively, and then a corresponding approach would be indispensable in other sectors of economic activity. Dr. Bajt also feels that the proposed system assumes that consumption is the sole driver behind associated labor and that accumulation is being transformed into a quantity that is

contradictory to worker interests. That is why, he says, the workers are trying to increase the income from labor as much as possible and thereby reduce accumulation. Dr. Bajt draws the overall conclusion that it is a great illusion to suppose, as do the views of the LCY Central Committee, that the interdependence set up between personal incomes and accumulation will also bring about a motivation of the workers to work and to produce and that it will join the dual functions of the workers in the system of self-management, and also that it will help the workers to truly take command of income and the resources representing social capital. In any case, he feels, reintroducing the concept of manpower and its value into the system cannot help towards the worker identifying himself with the enterprise and with its results.

Among the objections to the Draft of Views which have come in from Slovenia to the Central Committee there is the one that holds that Points 2, 3, 4, 5 and 6 do not represent appropriate bases for specific performance of distribution in accordance with the Constitution, the Law on Associated Labor and the Long-Range Economic Stabilization Program. It is said above all that these proposals do not acknowledge the consequences for motivation to steadily increase social productivity, for lasting inclusion in the international division of labor, nor for equipping the OUR to achieve stabilization and to master inflation. It is further pointed out that they are not based on the fact that income realized on the market is the sole measure of labor. It is stressed that income and net income are therefore completely lost in the proposed solution for earning personal incomes, as is the linkage between labor and the results of labor. They have concluded in Slovenia that that first portion of personal income would be acknowledged regardless of the income realized by the OOUR and by the work organization, and that it would be determined on the basis of formal qualifications and agreed criteria and levels for all workers in the country, with certain adjustments for the republics and autonomous provinces. They feel that that would put pressure for creation of new jobs in OURs, for changing the formal qualifications structure, for passing concern about income onto someone outside the OUR, for furnishing resources for joint risks funds in sociopolitical communities and banks, for increasing inflation and declining motivation of workers to do quality work, and for effective management in the OUR. That is why the particular question is asked of how and in what range differences would be established from one republic or province to another in the personal income determined in this way.

According to a summary of objections from Croatia, it is felt that it is unrealistic to anticipate that all deformations in social reproduction can be resolved primarily by changes in the domain of the distribution of personal incomes. Differences in personal incomes from branch to branch and indeed even from region to region derived more, it is said, from disturbances in primary and secondary distribution than from the actual system of distribution of income and net income within OOURs. "In debating the distribution of personal incomes," the representative from the Zagreb Railroad Transportation Organization said in the conference of worker communists, "we are talking here only about one-third of income and only about one-tenth of the gross social product."

The objections coming in from this republic go on to say that instead of affirming and elaborating the constitutional principle and right of the associated workers to set the prices of their products according to conditions on the market, more emphasis is put in the Draft of Views on the need for economic policy measures and direct price controls to honor some other criteria and correct the existing price disparities. Finally, it is felt that raising low personal incomes to a higher level will cause a loss in many OURs, and probably that increase will not give workers a particular incentive to work better. According to the Draft of Views, it is said, losses have to be covered from reserve funds which are formed from the income of the more successful OURs, which in turn will therefore have to cut back their own personal incomes and accumulation, the consequence of which will be a general drop in the rate of generation of capital, but also a diminished motivation to work.

In Croatia they feel that the objectives contained in the Draft of Views pertaining to the domain of distribution might be achieved much better and more rapidly through "greater involvement of all the subjective forces of society, especially the League of Communists, to add to, to elaborate and especially to carry out consistently the Social Compact on Income of the Socialist Federal Republic of Yugoslavia through social compacts and self-management accords in the various republics and provinces, than by building up this kind of set of instruments on the basis of the Draft of Views of the LCY Central Committee."

There was also quite a bit of hesitation concerning the views of the Central Committee when they were taken up in the Presidium of the Council of the Federation of Yugoslav Trade Unions, especially since the trade unions are responsible for most of the activity of carrying out and further elaborating the Social Compact on the Realization and Distribution of Incomes in the SFRY. It has already been stressed in the Coordinating Committee for monitoring enforcement of this compact that it is unacceptable to postpone the work of carrying out the social compact because of the discussion of the Draft of Views of the 18th Meeting of the LCY Central Committee, that it has to be implemented consistently, since this is one of the key documents of the first phase of the Long-Range Economic Stabilization Program.

#### Neither a Manifesto Nor a Project

In any case the concept of distribution being proposed by the Central Committee, at this moment and in this phase, is easier to thwart than to aid. The greatest contribution to this situation has been made by the fact that the proposed views were by and large not spelled out in full or elaborated, so that they do not provide answers even to questions about the basic elements of the concept, such as how this approximately equal personal income for equal work will be achieved, where and how the individual's work output will be measured, will it be possible for the person who works little to receive a lower personal income than the income "prescribed" and "guaranteed," how will the workers be able to exert more influence than up to now on the distribution and use of social resources, how will the financing of

the social services be provided for, and how will current labor and management of resources be measured in that sector, what will motivate the workers to increase accumulation .... The views of the Central Committee were not put up for public discussion either as a manifesto or as a project, but more as ideas cast abroad, so that it is logical that in this form they should be the basis for the most widely differing interpretations. All the way to the interpretation that the self managers will be turned once again into wage workers.

After all, members of the Central Committee (Nikola Stojanovic and Kiro Hadzi-Vasilev most of all), who in recent months have been participants in the public discussion, have explained that the concept being proposed conforms to the basic principles of the Constitution and Law on Associated Labor (although there have also been suggestions that there are things in them that should be changed), and then that the Views pursue the tasks set in the Long-Range Economic Stabilization Program, that it is precisely in this way that workers will be given greater motivation for work and management within their OURs, but the basic objectives of the proposed views are precisely identical to those contained in the social compact on income, and that agreements on the realization and distribution of income should be further elaborated as planned, and the new concept should be built into the entire system and a further step taken in this domain, so that finally the proposed system of distribution of personal incomes could resolve or begin to resolve many of the other present anomalies in the country's economic and socioeconomic life.

As far as self-management is concerned, the authors of the proposed views say that it will precisely then be able to take on its full form and content --after the amorphous mass of present income is broken up, after management of the resources of the OUR is closely bound up with the work and decision making of all workers, when the free exchange of labor becomes the sole link between those in economic activities and those in the social services. Nikola Stojanovic said again in the conference of communist workers that differences that have cropped up in the views to date during the public discussion of the Draft of Views of the LCY Central Committee are actually far less than it might appear at first.

Begin with a Clean Slate in the OUR

In any case, a majority of the participants in this conference of representatives of OURs supported the concept and views of the Central Committee - at least in their basic idea. To be sure, among the participants who favored transition to the new method of distribution of personal incomes without any reserve whatsoever there were many who have already been quite discouraged with the present system and their own present position, feeling that they could only gain from whatever change was made. And all in all they seemed almost to speak less about the views of the Central Committee themselves than about the unfavorable and inequitable business conditions, about the present anomalies in primary and secondary distribution, about the excessively high demands upon the income of the OUR, about high interest and the high debt level, about low productivity and the ineffective business

operation of the OUR, about unutilized capacity, about the privileged position of some and the undervalued of other branches and OURs (and about differences in personal incomes based on this), about regional exclusiveness and about the nonexistence of the market.... The complaints were especially bitter coming from producers of raw materials and production supplies and from workers in OURs in agriculture. It seemed to many that if the anomalies in all of this were removed and some sort of equality was achieved in the starting and basic conditions for the conduct of economic activity for all participants, it would be possible to arrive quite easily at a satisfactory distribution of personal incomes.

Although no one came out and said exactly that, from what was said by those who do not agree with the transition to the new method of distribution, a fear was felt that in such a system their personal incomes would be reduced, that is, averaged out to the general Yugoslav level. In Slovenia personal incomes of employed persons are about 33 percent higher than the Yugoslav average at the moment, and the annual increase is more than 100 percent. That is probably why the woman worker from "Sava" in Kranj said at the conference that they are in fact satisfied with the present system of distribution of personal incomes and that there are still quite a few successful enterprises which do not need changes in this domain. That fear originates in the first logical calculation--that in the present total amount of income and personal incomes no one can get more (raising personal incomes to the guaranteed "subsistence" level) unless the income of someone else is reduced. Not directly, of course, but, say, through a price reform and a new government-administrated redistribution of priorities and of the favorable position of branches, groupings and OURs.

The new concept of distribution does in fact take as its point of departure that personal incomes must no longer depend on where one is employed, but on how much one works. The reference here is to those unjustifiably and unrealistically privileged branches and OURs in which high personal incomes are realized on the basis of the high level of resources which the entire community has invested in those organizations, which enjoy special natural and other favoring circumstances, whereby their priority and development was socially recognized, their losses are tolerated and indeed covered, but it is not possible to also tolerate above-average personal incomes without a corresponding input of work and performance in terms of productivity. High personal incomes in Slovenia are based in most cases precisely on the above-average productivity achieved by those employed by comparison with those in other parts of Yugoslavia, and accordingly under the new concept this ought to bring about a corresponding increase of both the first and second parts of personal incomes of workers. "The illusion and the fear should be dispelled," Nikola Stojanovic said, "that when this concept is applied, it will be possible to live without working or to live at the expense of someone else's work."

It is a fact that most Yugoslavs are nevertheless not satisfied with the present system of distribution of income and personal incomes, and the solutions contained in the Social Compact on Income do not promise any very essential changes in this direction either. It is also a fact that the

conditions under which the changes would be carried out would be markedly unfavorable (the high rate of inflation, the low accumulation of the economy, the high rates of interest and high debts of OURs, the low share of the economy in income ...). It is obvious that there are quite a few big jobs ahead that are more urgent than changing the system of distribution of personal incomes. But in the Central Committee they take the view that that slate should first be wiped clean in the basic organization of associated labor, and then other relations in associated labor and the entire society built up from there.

The concept of distribution being proposed here might indeed be of the greatest service in clearing up at least for a certain interval the long-lost calculation of the efficiency and profitability of enterprises. Today many of the "favorable" business results of OURs are based on the impermissibly low personal incomes of the workers - which certainly cannot be beneficial to self-management. This real calculation of the profitability of OURs and a personal income that one can live on are indeed values in and of themselves.

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## UNEMPLOYMENT SITUATION IN 1985, OUTLOOK TO 1990

Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 30 Dec 85 pp 17-18

[Article by Z. Karakasevic: "On the Other Side of the Economy"]

[Text] The results for employment and the creation of new jobs in 1985 can already be rounded off, and thus this can also be done for the entire five-year period which has now passed. In general the reports from the various republics and provinces show that in the past period the planned growth rate for the creation of new jobs has mainly been exceeded, but this not halted the increase in the number of persons seeking employment, but has had certain unforeseen consequences.

Target planned for 1985 was that employment would rise 2.5 percent, and the rate achieved in the first nine months was 2.6 percent. Together with replacement of the natural attrition of employed persons, this year about 360,000 new workers got jobs in Yugoslavia. Over the entire last five-year period 1,415,000 new workers were employed in the socialized sector and approximately 140,000 more in the sector of self employment (employers and workers).

Persons Employed in the Socialized Sector and Persons Seeking Employment in the SFRY at the End of September 1985.

	<u>Employed</u>	<u>Unemployed</u>
SFRY	6,464,300	1,047,000
Bosnia-Hercegovina	1,000,100	250,012
Montenegro	159,200	37,412
Croatia	1,531,600	113,011
Macedonia	500,100	134,678
Slovenia	818,900	14,836
Serbia	2,454,400	418,037
Serbia Proper	1,630,400	286,037
Kosovo	213,100	116,351
Vojvodina	610,900	95,649

## Activated Potential

Obviously the rise of unemployment has not been halted, though it was envisaged by the Resolution on socioeconomic development for this year, and the number of persons seeking employment has indeed even increased 7 percent. The example of Bosnia-Herzegovina is a good illustration of what happened in the new job sector in this last period; social measures and actions specifically elaborated were devoted to this problem. In the republic the plan called for creating jobs for 252,000 new workers over the last five years, which by all calculations should at the end of the medium-term period have halted any further rise of unemployment. In the first four years 191,500 persons received jobs in Bosnia-Herzegovina, and at the end of 1984 there were still 236,000 seeking employment on the rolls of employment security agencies. In 1985, then, jobs had to be created for at least another 48,000 persons, which in that republic is the size of the natural growth of the labor supply resulting from the growth of population. In the first eleven months another 63,780 workers were hired, but the number of those unemployed increased to 249,190 persons. An analysis has established that as greater opportunities for obtaining jobs open up, there is at the same time a greater influx onto the rolls of employment security agencies from among those categories of the population who at one time gave up trying to find jobs - housewives, the farm population, and "fictitious" students.... It even happened that persons from other republics and provinces enrolled with employment security agencies in Bosnia-Herzegovina.

The situation is similar in other regions, where higher rates of new job creation were achieved. For example, in Serbia proper, where at the end of last year the growth of employment was almost stopped, while this year it has again started to grow at a faster rate, although instead of the planned growth of employment of 2.5 percent, the rate achieved was 2.8 percent.

Still more extensive "extraordinary" measures to create more jobs are being planned throughout most of the country for 1986 and indeed for the entire next medium-term period. How adverse this can be for economy is shown by the figures on the lower productivity in several branches in OURs where new workers have been hired on the basis of an economic measure. Thus over the last year employment in industry and mining has risen 3.4 percent, but productivity has dropped 1 percent, in coal mining the size of the labor force has risen 7 percent and productivity has dropped 2.5 percent, in leather and fur production the labor force has risen 11.8 percent, and productivity is down 2.9 percent. By contrast, for example, in the nonmetallic minerals industry the size of the labor force has dropped 0.8 percent, and productivity has risen 8.5 percent. We might also take here the example of the Split Steel Mill, which after several years of unsuccessful business performance had to go into liquidation, and a new work organization was established. In that transformation the size of the organization's labor force was reduced by 100 workers, productivity rose significantly, and the "new" steel mill has been achieving sound business results.

## How Many Unemployed Will There Be

According to the plans for Yugoslavia's socioeconomic development, the Resolution for 1986 envisages a 2 percent rise in employment in the socialized sector, which, together with the replacement of those who are retiring, would bring jobs only to about 300,000 new workers. This certainly would not achieve the task which has been set of halting the rise of unemployment. In any case, over the entire next five-year period it has been calculated that 1,750,000 persons would be hired, so that at the end of 1990 the country would have a labor force about 850,000 larger. There have already been requests from youth organizations, trade unions and certain other sociopolitical organizations to reassess and alter this low rate envisaged for increasing employment. But that kind of rate follows from the other values envisaged for the trends of development-- the 3 percent growth of the social product, the 3 percent growth of industrial output, and the 1 percent rise of labor productivity.

Once again the solution is seen and is being sought in emergency measures for creating new jobs, which have been envisaged in several regions. In Bosnia-Herzegovina they plan to float a public loan and introduce optional local contributions and raise the rates of the contribution for employment security from the income of the OUR, which altogether would bring in about 167 billion dinars. Together with the resources from the Fund for Development of the Underdeveloped Regions, bank resources and other funds on the basis of pooling, this would make it possible to add approximately 100,000 more persons to the "normal" plan over the next five years. Similar measures are being planned in Kosovo, where this would create jobs for about 12,000 workers more than covered by the plan. In Montenegro a law is to be passed on mandatory subscription of a loan for all categories of individuals with regular earnings, which, together with other measures, would make it possible to open up 1100 "additional" jobs. In Macedonia and Serbia proper there is now discussion of the need and opportunities for floating a loan to create new jobs. In the more advanced regions a loan will not be floated for the creation of new jobs, but rather still lower growth rates of employment are planned: 1.5 percent in both Slovenia and Croatia.

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CSO: 2800/118

## MASSACRE OF ROMANIANS BY HORTHYTE HUNGARIANS RECALLED

Bucharest SAPTAMINA in Romanian 27 Dec 85 p 4

[Article by Narcis Zarnescu: "Indicting Documents"]

[Text] A shattering book; a book about terror and suffering; about aggressiveness and blind hatred; about the abasement, humiliation, and torture endured by Transylvanian Romanians after the Vienna dictate (30 August 1940), when the body of the fatherland was most dishonorably mutilated by the Axis policy, the north-west part of Romania was wrested by the Horthyst regime, and the Romanian population was subjected to years of fierce and systematic oppression. Houses and even whole villages were destroyed, religious sites were desecrated and torn down, people were exiled or killed, persecuted and forced to change their "allegiance" or names, and forbidden to speak the language of their ancestors... These are only a few of the images of the--we repeat--shattering and incredible "documentary" reconstituted by University Lecturer Dr. Mihai Fatu, director of the Banat Museum of Timisoara in his book "The Romanian Church in the North-West of the Country under the Horthyst Occupation of 1940-44," 1985.

As long as at this time in contemporary history there are still, unfortunately, circles interested in distorting history and misinterpreting and falsifying the facts, and as long as there still exist people completely removed from reality, who still dream of a repetition of the Vienna dictate, such a book is necessary not only in order to recall the events, but particularly in order to reestablish the truth and to inform those who are unfamiliar with or have forgotten what occurred at the time.

In the spring of 1940 the Horthyst government repeatedly appealed to Berlin and Rome to urgently satisfy its revisionist claims at Romania's expense. On 27 June 1940 the Hungarian Council of Ministers adopted a declaration stating that Romania must be "constrained to satisfy the Hungarian territorial claims." (p. 37) On 15 July 1940, Hitler sent a letter to King Carol II requesting that Romania tow the political line of the Reich, and stressing that a "revision has become inevitable. Any attempt to evade the perils threatening your country, through any kind of tactical maneuvers, will necessarily be doomed to failure. Sooner or later--and probably very soon--the outcome may even be Romania's destruction." ("Documents of German Foreign Policy, 1918-45," Series D, 1937-45, Vol. X, document 171, see M. Fatu, p 38)

On 3 August 1940, Hungarian Prime Minister Teleki sent Mussolini a "Pro-memoria," in which he solicited his aid to annex all of Transylvania and "set down the border between Romania and Hungary along the entire Carpathian arc," warning that "the Carpathian boundary is not to be interfered with." ("Documenti Diplomatici Italiani," Nova Serie, 1939-45, Vol. V, Istituto Poligrafico dello Stato, Roma, pp 332-342, see M. Fota, p 38) On 16, 19, and 24 August 1940 Romanian-Hungarian talks were held in Turnu Severin. The Romanian government rejected the demands of the Horthyst government. In this situation, Hitler took direct charge of settling Hungary's territorial claims on Romania, aware of the fact that "finding a solution to the problem will be very difficult, because a territorial claim extremely popular among the Hungarian nation is being opposed by an incontestable ethnical claim." (Documents of German... Ibid, document 407, see M. Fatu p 39). The outcome: in the evening of 27 August 1940 in Vienna, von Ribbentrop and Count Ciano, refusing to listen to the Romanian representatives, passed the sentence under which Romania was forced to cede north-west Transylvania to Horthyst Hungary.

Horthyst Hungary instituted there a regime of fascist-type imperialist occupation, designed to consolidate and expand Hungary's positions and to reinforce its domination over north-west Transylvania by implementing a chauvinistic policy of terror. Its political "program" featured, among other things: 1. Repressing the anti-Horthyst and anti-Hitlerite resistance of all social, political, and religious forces seeking to ensure the supremacy of the Romanian majority, and sapping the economic resources of this majority and of other oppressed populations; 2. Forced denationalization and Hungarianization of the Romanians; 3. Suppression of the traditional Romanian culture and religion and their relevant institutions--the church, schools, etc.; 4. Continuation of the revisionist action against Romania, with a view to annexing south-west Transylvania and the Banat. Dissatisfied, the leading Horthyst circles, were making efforts to "move the Transylvanian boundary to the crest of the southern Carpathians." (p 41)

In order to exercise its occupation over the invaded territory and to terrorize the Romanian population and the other oppressed nationalities there, the Horthyst government established a political-administrative and military-police mechanism, national-chauvinistic parties, and fascist paramilitary organizations which, immediately after 30 August 1940, set in motion a vast criminal, diversionist, and revisionist campaign against the Romanian population in the occupied Romanian territory, designed to turn it into a base from which to continue the acts of aggression against Romania. Among this multitude of organizations and groups, most "noteworthy" for their atrocities and "efficient" terrorist actions were: the "Ragged Guard," the "Turanian Hunters," the "Comradely Union--Turul," the "General Association of Hungarian Riflemen," and others. The majority of the members of these organizations were trained in handling automatic arms, explosives, etc.

One of the most fanatical supporters of general revisionist plans against Romania was Baron Aczel Ede, head of the X regional organization of Riflemen, who was in charge of counties Cluj, Ciuc, Mures, Odorhei, Someș, Trei Scaune, and Bihor. The entire program of extermination of the Romanians was outlined by Aczel Ede in a speech delivered on 8 August 1941 at Simleul Silvaniei. This is how he expressed his blind and impotent hatred: "We must extirpate these

lazy Walachian peasants, kill them as we would any enemy (...) Comrades! The priests preach loving one's fellowmen, but that is a trap, because God helps only brute force, and we all must use brute force to kill and exterminate these lazy Walachians. In its ten commandments religion says not to kill, not to steal, and not to covet another man's wife, because they are sins. Are these sins? No, they are not! A true sin would be not to exterminate this band of lazy Wallachian peasants. We will organize a Saint Bartholomew night and kill the babies in their mothers' bellies." (p 45)

The Hungarian administrative authorities, fully in accord with the reprisal bodies, beginning with the police and gendarmery, acted unitedly as an homogenous mechanism of repression of all those who opposed the new regime. The main methods which the Horthyst regime employed to exterminate and eliminate the Romanian population temporarily held under Hungarian occupation, and to defeat the Romanians' struggle to defend their own existence, identity, and dignity, were: individual or mass maltreatment and crime; expulsion and displacement of entire communities or other large groups of Romanians from urban and rural areas; banning Romanian representatives from political and state affairs; forced Hungarization through religion, schools, literature, and press; internment in concentration camps; dispatching work details to Germany and Hungary; deprivation of property, etc. This, is how the Horthyst horrors were described by an eyewitness, Gyorgy Ferenczy, who was active in the press of Satu Mare and Cluj: "The pen trembles in my hand as I am putting down these lines on paper. The proud land of Transylvania has become a dreadful Golgotha, visited by the most terrible events. People are jailed by the hundreds and thousands are beaten up and cruelly tortured. Assassinations and executions never cease, and the only guilt of the unfortunate victims is that they were born Romanians (...) We hear the desperate cries of hundreds of thousands of people put under foreign domination in the land of Transylvania's Golgotha, where the wind blows the corpses of hanging men, where the bodies of the martyrs murdered with savage cruelty proclaim that bestial instincts have been unleashed and that barbarism and revenge stage the savage dance of death (...) To torture defenseless people without any political reason, with unrelenting savagery, is an unprecedented phenomenon in the history of the civilized states of Europe. That is why we cannot express anything but scorn (...) and if this situation continues, there is nothing left for me but to be ashamed of having been born semi-Hungarian and to repent of the fact that I first learned how to pray to God in Hungarian." ("Golgotha in Transylvania," 1941, pp 6-8; see M. Fota pp 52-53)

The long and painful series of atrocities, crimes, massacres, beatings, torture, and abuse of the Romanian population began in the very first hours after the Horthyst troops crossed the border. "From the very first day the troops arrived, the Romanian language was completely eliminated," stated an eyewitness (p 54); "The Jews are persecuted almost as much as the Romanians..." (ibid.) Describing the condition of Romanian localities in the vicinity of the border with Hungary, the newspaper UNIVERSUL wrote: "The savagery began on the very first day of the occupation (...) Romanian peasants were butchered in the very first hours of the occupation. For 3 days and nights the villages were subjected to the most horrifying riots.

"At Sapinta, the peasants were beaten with wet ropes, then made to dig their own graves, in imitation of the white terror procedures that followed Horia's revolt. In the Viseu Valley several villages were burned down (...) The situation of the minorities in northern Transylvania is deteriorating day by day and hour by hour. They have been put outside the law, and aside from the abuse they suffer, their livestock, grain, and all their household possessions are being confiscated." (UNIVERSUL, 23 Sep 1940; see M. Fota, p 55)

The massacre of Almasul Mare (Bihor county) is described in documents of the time: after some "had their eyes put out, and some had their noses and ears cut off, the 11 peasants were killed." (p 56) The terror was spreading: the mayor of Mediesul-Aurit had his eyes put out, and was then bayoneted and shot; in the commune Hida (Cluj county), 9 Romanian peasants were killed and "their bodies left unburied in the fields for 5 days" (ibid). The mass murders of Simleul Silvaniei, Cosniciul de Jos (Salaj county), Muresenii de Cimpie, and Huedin (Cluj county) will always be remembered as live points of accusation against Horthysm. Here is a document that coldly lists the statistics of the Romanian tragedy in Transylvania: "In the night of 13 to 14 September, Hungarian soldiers led by members of the local national Hungarian guard, killed 156 Romanians in the Ip commune (...) by terrible torture. Some were stabbed or bayoneted to death; others were shot; pregnant women were cut up and abused, and girls were raped, then killed. Among others, 20 boys and 14 girls under the age of 16 fell victims to this savage attack. A 2-weeks old baby girl was killed in her cradle. After being robbed, the bodies were thrown in a communal grave, without a priest or religious rites, and covered with quick lime." (p 57) Between 1 September 1940 and 1 September 1942, 991 Romanians were murdered in this Romanian territory. The taking of so many innocent lives was topped by an unending series of maltreatment, torture, expulsions, and internment in camps and in punitive military jails. The charge: Romanian nationality. By the summer of 1943 the number of Romanians maltreated and tortured rose to 15,000 (p 59). The scenes of martyrdom were almost apocalyptic. Reality outdid the sickest imagination. The ferocity of the abuse rivaled the darkest pages in humanity's history: "Soldiers, gendarmes, and armed bands of civilian patriots roamed the Romanian villages, devastating homes and torturing the peaceful and defenseless Romanian population. Some had their bones crushed with clubs, others were stabbed with bayonets, and yet others had their eyes put out and their ears cut off; they poured gas on the head of a 4-year old girl (...) and set her on fire; some people had their teeth crushed, their hair torn out with the skin (...) their lips cut off, while others were forced to drink the blood pouring out of their wounds (...); they put quick lime on some people's wounds, and caustic soda followed by warm water on others (...) Dumitru Matei of Oradea had his eyes torn out with bayonets (6 September 1940), and in the same city, an old Romanian pensioner, after being abused, was forced to eat faeces with hot pepper and to drink urine (...) Hundreds of young Romanians, members of the Levente paralimilitary organizationn, were put to the yoke like animals and made to plow and hoe, to the laughter of their Hungarian comrades (...)" (pp 58-59)

Killings, maltreatment, torture, and looting took place in the following localities: Diosig, Gepiu, Mihai Bravul, Salonta, Salard (Bihor county); Imper, Lacul Rosu (Ciuc county); Baci, Bontida, Cojocna, Floresti, Luna de

Sus, the city of Cluj (Cluj county); Alunis, Beica de Jos, Berghia, Glajarie, Nasna, Boteni (Mures county); Jimbor, Meresti, Singeorgiu' de Padure, Virghis (Odorhei county); Baba-Novac, Gelu, Lazuri, Paulian, Principele Mihai, Sisesti (Satu Mare county); Ormanesti, Ianculesti, Lucaceni, Marna Noua, Scarisoara Noua, Portita, Santau, Sacaseni, Sin Miclaus, Tiriam (Salaj county); Arcus, Aita Mare, Aita Mijlocie, Aita Seaca, Botanii Mari, Bodos, Bretcu, Comolau, Covasna, Lunca Ozunului, Magherus, Micfalau, Pava, Papauti, Poiana Sarata, Valea Mare, Vilcele, Zagon, Zabala (Trei Scaune county) (p 59).

Simultaneously with the savagery unleashed against the Romanian population, including priests, the incited gangs--with the cooperation of the state authorities--tore down 16 Romanian churches and desecrated 38 others (pp 65-66). This is what one document states: "the new church (...) razed to the ground, the land leveled, and the grass growing on it, thus covering any trace of Christianity; only a column was left in the middle of the site, with the flag of Hungarian oppression usurpingly flying at the top. The old church, damaged and smeared with faeces, was used as a border observation point (...) being thus open and used even as an outhouse." (p 74)

Thus, the 4 years of Hungarian domination were a terrible Saint Bartholomew's night for the Romanian population of northern Transylvania. The entire fury of murders, torture, and maltreatment was unleashed legally, on the basis of Ordinance No 760/1939 of the Hungarian Ministry of the Interior. According to it, the gendarmery and administrative authorities were given full powers to take any measures against all those suspected of being undesirable to the new state order, and particularly to the idea of Saint Steven's Crown (ibid p 83).

In the name of the "most splendid Mongolian race," the descendants of Attila, Arpad, and Genghis Khan tried to turn back the history of human relations to the age of barbarism. How else can one explain the tragedy that occurred in the Trasnea commune? "After the shooting ceased," one eyewitness stated, "the Hungarians grabbed Romanian children and threw them alive in the flames (of burning houses), burning them alive in horrible pain, and the entire place resounded with their cries." (p 86) Similar testimonies are found in the book by Milton G. Lehrer, "Transylvania, a Romanian Land" (The Transylvanian Problem as Viewed by an American," Bucharest, 1944, p 289).

Sometimes, however, the murderers were even... punished. The travesty of justice is more than convincing for the complicity of the Horthyst rulers in these monstrous crimes. In short, the history of a file--file No B-4239/1941/6: the court notes that the killing of Archpriest Aurel Munteanu was caused by the "strong emotion aroused by the happiness of the liberation." The murderers were "sentenced" to... 2 months correctional prison each. But the mercy of the judges was boundless, and the sentence was suspended.

The dramatic testimonies follow each other in stunning, incredible succession. In the streets, in their homes, in official buildings, and in jails, Romanians were beaten up individually and collectively for the same sole reason: for being Romanians. Alone between 1 September 1940 and 15 May 1941 there are records of 3,373 cases of violent beatings (p 107). Romania had to disappear physically and culturally. Consequently, the Horthyst government made efforts to deprive the Romanians of their nationality through religion. Realizing that

the Hungarization of the Romanians through religion was going to be a laborious process, bound to meet with resistance, the Hungarian authorities dismantled or eliminated the Romanian Church to the greatest possible extent by incorporating the faithful in one of the Hungarian-opriented religions (Roman-Catholic, Reform, or Unitarian), expanded the jurisdiction of the Hajdudorog Episcopate, and also established a Hungarian Orthodox Episcopate, which they placed under the leadership of the controversial Mihai Popoff, an expert at violating ecclesiastical canon and laws (pp 112-143). Determined to use "all legal means" to defend the Hungarian nation, the Hungarian minister of justice issued Order No 6541/18 February 1942, under which names were to be irrevocably Hungarized (p 144).

Thus, as is noted in one preserved document, "In all the areas, force, constraint, promises, advantages, and falsifications were used to pursue the extermination of the Romanian people of northern Transylvania from a spiritual viewpoint, too, their nationality and culture" (p 147). But, in the 4 years of occupation, despite all its efforts and diabolical measures, Horthy's Hungary failed to destroy the Romanians, because it failed to understand that the Romanians were attached to their land not only through the force of material conditions, affecting their existence and physical survival, but also through the powerful force of their spirit. The Horthyst diversion failed. However, as Dr. Antonie Plamadeala notes, "at the time, it caused great pain and for years it kept in daily tension not only the directly threatened Romanians, who had fallen prey to the Vienna dictate and had been incorporated in Horthyst Hungary, but also those in the motherland, who felt as keenly the pain of those events." (ibid., p 153)

Thus, a book of remembrance, a book of accusation, and a book of warning against the increasingly acute pressure exerted by Eruopean revanchist and revisionist circles. It is worthwhile recalling, once again, the outcome of the Vienna dictate: Romania lost a 42,243 square km. territory, with a population of 2.6 million people; more than 86,000 Romanians were forced to cross the mountains; 148,288 Jews were deported to camps (1944), out of which over 100,000 were exterminated; "An infinite series of murders, maltreatment, and torture, of looting and devastation. A frightening, savage terror (...). Priests, old people, women and small children, peasants, and intellectuals were murdered, tortured, and abused, and homes, churches, and public mobuments were razed." (Documents of the Romanian Ministry of Foreign Affairs; see M. Fota, p 50)

The tragedy of Transylvania and of all of Romania appears much more clearly today, after the liberation, after the reunification of the country and the establishment of the new system, under which all social or national discrimination has been eliminated. One of the most important democratic changes effected in socialist Romania has been the establishment of a new political regime for the coinhabiting nationalities. Thus, the nationalities statute (adopted on 7 February 1945 by the Romanian government), the principles of which were later elaborated and sanctioned in the country's constitution, stated that all Romanian citizens, regardless of race, nationality, mother tongue, or religion, are equal before the law and enjoy the same civil and political rights.

As the party secretary general, Comrade Nicolae Ceausescu, emphasized at the great forum of the 13th congress, currently, in Romania, "combating nationalism and chauvinism is part and parcel of the endeavors to shape a new man, with a progressive consciousness, the builder of socialism and communism!"

"In our country we have solved the nationality problem once and for all, on the basis of the Marxist-Leninist concept and of the principles of scientific socialism, and we have ensured complete equality of rights among all the fatherland's citizens. Whatever the nationality or the language spoken, we are all sons of the same fatherland, we are all citizens of the Socialist Republic of Romania!"

The love of justice and truth, honor, understanding, and goodwill--fundamental traits of Romanian life and consciousness--have once again overcome the vicissitudes of history, and forever.

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CSO:2700/74

## DIALECTICS BETWEEN GENERAL, PARTICULAR IN PARTY LIFE

Bucharest ERA SOCIALISTA in Romanian No 23, 10 Dec 85 pp 29-32

[Article by Pamfil Nichitelea: "The Dialectics Between General and Particular in the RCP's Theoretical and Practical Work of Building the New System"]

[Text] Our party and its secretary general approach the complex theoretical and practical issues of the socialist revolution and construction and of the contemporary social life in a scientific and innovative manner, thus actively contributing to developing the revolutionary theory and practice, and adding new theses and conclusions to the thesaurus of dialectical and historical materialism and scientific socialism.

In the activities of the RCP and in Comrade Nicolae Ceausescu's works an important place is assigned to substantiating the dialectical relationship between the general and particular in historical evolution, in the achievement of the socialist revolution, and in building socialism and communism. The correct understanding of this relationship constitutes an essential requirement for the victory of the new system and for successfully building socialism--a complex and extensive work that is being carried out in different economic, social, and political conditions in each country and at each stage, and that assumes distinct and specific forms throughout its uninterrupted course.

The great revolutionary changes that have occurred in Romanian society in the past 4 decades, particularly after the ninth congress, and the outstanding successes recorded in building the comprehensively developed socialist society highlight our party's capacity to decipher--on the basis of dialectical and historical materialism and of the principles of scientific socialism--the requirements of objective laws, and to achieve a fusion between general and particular in building socialism in Romania. As the party secretary general stated in his speech at the recent congress of science and education, "All the great achievements of the socialist period, including those of the past 5-year plan, forcefully attest the correctness of the policy of our communist party, which is guided in its activities by the concept of dialectical and historical materialism and by the principles of scientific socialism, and resolutely applies the general truths and laws to the specific conditions prevailing in Romania."

The Dialectical Understanding of the Relationship Between General and Particular in the Socialist Revolution and Construction as One of the Basic Traits of Comrade Nicolae Ceausescu's Social-Political Thinking and as an Important Contribution to Developing the Contemporary Revolutionary Theory and Practice

Within the theory and practice of building the new social system, the relationship between general and particular assumes the form of a dialectical interaction between the general laws of the socialist revolution and construction and the specific conditions and particular traits of the implementation of the requirements of these laws.

As is known, historical phenomena are characterized by a series of general traits which come into action--to varying extents and in various forms--in all the countries that travel the same historical process, so that the socialist revolution and construction necessarily highlight certain general and objectively determined requirements. As a qualitatively new and superior social system in mankind's historical development, socialism is a dynamic and comprehensive system which has its own laws of operation and development, and significant characteristic traits, such as: the establishment, in one form or another, of the political power of the workers class, allied with the peasantry and the other working people; the replacement of capitalist ownership by socialist ownership of the means of production, and on this basis, the elimination of man's exploitation of man; the eradication of national oppression and the achievement of full equality of rights among all the working people, regardless of nationality; the development and perfection of new production and social relations, and the continuous deepening of socialist democracy; the establishment of a new political and ideological superstructure and of a socialist culture; the shaping and development of a socialist consciousness; the establishment of social relations upon the basis of the principles of socialist ethics and equity, and revolutionary humanism; leadership of the socialist construction and of the entire society by the party of the workers class, etc. Summing up these traits, the RCP program emphasizes that "The essential objective of socialism is, and will always be the nature of the political power and of production relations, transferring the state power into the hands of the working people, establishing the socialist ownership of the means of production, eliminating man's exploitation by man, and implementing the socialist principles of distribution."

Naturally, general laws do not manifest themselves in stereotyped or identical forms in all countries at all stages of development, but assume specific forms corresponding to a great diversity of particular situations. They are not derived from an abstract, a priori conceived schema, but stem from given socioeconomic realities and are based on the scientific generalization of these realities, of the revolutionary experience, and of specific data. In point of fact, Marxism has highlighted the fact that abstractions, detached from real history and taken per se are of no value and can in no circumstance provide a valid guide for the process of revolutionary transformation of the society. As experience and practice have shown, under the impact of profound social changes and of the development of the society itself, general laws become modified and acquire new traits, some disappear and new ones emerge, thus verifying the truth that any general law or thesis concerning

socioeconomic development constitutes, in its theoretical formulation, an expression of continually changing realities.

In the strategy of building the new system the general and particular form an inseparable dialectical unit. They are both correlated categories of dialectical materialism and reflect the essence of the same revolutionary process. Consequently, the relationship between them is not one of causality or priority, but of organic fusion, harmonious specific-historical interaction, and mutual dependence. Ignoring the objective general laws--which can lead to losing the revolutionary perspective and to the omission of basic objectives--is as harmful for building socialism as is ignoring specific national traits and mechanically transplanting means and forms of action valid in different circumstances--which can lead to the adoption of unrealistic measures, in contradiction to the real requirements of the respective society.

Our party consistently proceeds from the fact that general truths come to life through the particular, while the particular verifies the correctness of general truths. General and particular truths are not mutually exclusive; on the contrary, they condition each other within the framework of a close dialectical unity. From here the need to resolutely implement the socialist principles in accordance with the realities of each country.

According to our party's concept and that of its secretary general, certain unfulfilled targets or temporary difficulties emerging in a given country in the course of building the new system are not to be traced back to socialism or to the basic principles of scientific socialism, but precisely to disregard for certain general objective laws or for the specific realities of that country; they are thus generated by the fact that the socialist principles are not consistently implemented. Along this line, Comrade Nicolae Ceausescu stressed that "Disregard for the general laws and principles of socialism can cause great harm to and even jeopardize the socialist construction, just as disregard for realities, or the implementation of set patterns or stereotypes ignoring these realities can cause great difficulties and can jeopardize the very socialist development of the country itself."

In order to ensure a consistently dialectical understanding of the relation between the general and particular in their organic unity, one must approach the complex process of building socialism in an innovative and bold manner.

All the political and ideological activities carried out by our party and by Comrade Nicolae Ceausescu are indelibly marked by efforts to understand in depth the general laws of social development and the relationship between the action of these laws and specific social, economic, political, cultural, historical, and national conditions. The process of building the new system in our country highlights the original and creative manner in which certain basic issues of the revolutionary theory and practice have been solved, as well as a series of particularities concerning the tasks of the revolution, stages of development, the pace of the socialist construction, the substance and means of establishment of the political power, the establishment and development of the technical-material basis of socialism, political and national organization, means and forms of generalizing the new production and social

relations in the economy and in the entire social life, perfecting the leadership and organization of the society, creating a new intellectual life, and so forth.

By open-mindedly and courageously approaching the new phenomena and processes occurring in our society, taken in their full complexity, the party secretary general has scientifically elucidated Romania's stages of socioeconomic development, and has established the fundamental objective of the current historical period: building a comprehensively developed socialist society.

Our party perceives an organic correlation between the concept of a comprehensively developed socialist society and the idea, frequently stressed by Comrade Nicolae Ceausescu, of the uninterrupted character of revolutionary changes as a law of historical development under socialism. The revolutionary process continues and will continue with the aim of achieving the objectives set down in the party program, by continually stimulating an innovative spirit, asserting a superior quality in all activities, and continuously improving the social and political system in all its components.

Among the many examples illustrating the creative spirit of our party's policy and the organic interaction of general and particular in all its activities, particularly salient are the theoretical theses evolved and the practical solutions devised. particularly after the ninth congress, in the most varied areas of social life, such as: marked development of the technical-material resources through continued industrialization and increasingly intensive growth throughout the economy; development of socialist property; improvement of production and social relations; means of developing our socialist nation, and the role and prospects of the nation in the contemporary period; methods of approaching and solving contradictions under socialism; enhancing the leading role of the party through its increasing integration in the life of the society; the role of the state and the evolution of its functions; the dialectical relationship between party and state; means of deepening workers revolutionary democracy; asserting the human personality and revolutionary humanism; perfecting the forms of organization and leadership of the economy, education, scientific research, and of the entire social body, and so forth. The views and conclusions formulated in areas such as the above are based not on abstract diagrams, but on the real dialectics of our socioeconomic life and of the contemporary world, and contribute to continuously improving our social system at all its levels, mobilizing creative actions and initiatives, and raising the social responsibility of all the people.

Concrete and Manysided Analysis Actual Phenomena and Processes as one of the Fundamental Requirements of Dialectical Thinking. The Theoretical Inconsistency of the Thesis of the 'Unique Pattern' for Building Socialism

The depth and variety of the revolutionary changes occurring in the contemporary world forcefully highlight the principled and practical importance of gaining a correct and consistently dialectical understanding of the relationship between the general and particular in the socialist revolution and construction, and emphasize the need to combine the general truths of the revolutionary theory with the practice of building the new

system in each country, and to take into account the specific historical circumstances amid which each party is working.

Indeed, the objective laws of building socialism determine the essence and substance of decisions, but not their specific form of manifestation and implementation; they do not offer automatic solutions, merely a series of guiding principles for discovering and formulating such solutions in keeping with the particular features of social phenomena and processes. They are the outcome of a creative policy and of a scientific and manysided analysis of specific socioeconomic and historical conditions.

The general reflects objective social laws, but it cannot, of course, reflect the entire wealth of forms of their manifestation and, in particular, the complexity of the social life; neither can it incorporate the multitude and diversity of specific phenomena. Consequently, in mapping out and implementing the policy of revolutionary transformation of the society, one must keep in mind the specific conditions in which this policy is being implemented. This fact explains the validity of the thesis--repeatedly emphasized by our party--that establishing a strategy and the means, forms, and methods of action is the inalienable prerogative of each revolutionary party, which is best equipped to understand the realities and requirements of social development in its own country, and on this basis, to work out its political line.

The experience of building socialism in various European countries, Romania among them, as well as in Asian and Latin American countries, demonstrates the great and growing diversity of situations and circumstances in which the revolutionary process of building the new system is taking place. Thus, the success of the strategy employed to build socialism is predicated by each party's aptitude to act according to the given social, historical, and national conditions, to actively apply the principles of scientific socialism, and to devise the ways best suited to the requirements of the revolutionary struggle and to the regenerative transformation of the society. "This," Comrade Nicolae Ceausescu has stressed, "requires strict observance of each party's right to autonomously and independently map out its political line and its revolutionary strategy and tactics, without any foreign interference, and the establishment of interparty relations based on full equality and mutual esteem and respect."

The practical experience of building the new system shows that the general laws of the socialist revolution act through and within each nation, and are implemented through the policies of the communist and workers parties, which are working amid specific given conditions. Each people and nation have acquired, in the course of their history, various traits of their own. Natural, socioeconomic, and political factors have given peoples their own ways, pace, and forms of development, and have shaped their intellectual, cultural, and moral features, which distinguish them from one another. Among the factors that impart specific traits and characteristics to the socialist construction in each country--although the building of socialism is essentially common to all the countries that have begun building the new system--are the level of development of the production forces, the social structure and relations among classes, the forms of political organizations of

the society, the traditions of historical development of each nation, the international context, and so forth. Thus, understandably, the effect of general laws will be different in countries with a poorly developed or agrarian economy, than in countries which embarked on the path of socialism with a high level of industrialization. This fact requires a manysided, comprehensive, and differentiated analysis of specific historical conditions and of current and future phenomena, of general tendencies, and of specific landmarks in the development of the society.

Such an analysis confirms the theoretical inconsistency of tendencies to absolutize the revolutionary experience of a given country, or to present it as the "unique model" of socialism. What was valid in certain conditions may no longer be valid in others. The ways and means of carrying out a revolutionary process cannot be copied because the historical conditions of that process are singular and unique. Consequently, solutions and answers to a given problem of current development are not to be found in theses or practices belonging to another period or to other historical national and international conditions. As Comrade Nicolae Ceausescu stressed in his speech to the congress of science and education, we must permanently proceed from "the fact that scientific socialism has not provided answers to problems once and for all." Indeed, only the careful and manysided study of the new processes, phenomena, and realities can ensure the successful continuation of the process of revolutionary transformation of the society and pave the way for the assertion of what is new and progressive in historical development.

According to our party's concept, absolutizing the forms of socialist construction of a given country would reinforce belief in one's own experience as the only valid one and would lead to negating, in one form or another, other ways and forms of building socialism. "We believe," Comrade Nicolae Ceausescu stressed along this line, "that any form of building socialism implemented in a country is real and meets historical requirements."

Historical experience shows that building a socialist society is a complex and ongoing process whose laws, requirements, and pace of advance stem from the dialectics of development in specific conditions. In fact, no social-political system, including socialism, can be built in a given country according to a universally valid "recipe." Marking a qualitative leap in the history of human society, having its own development logic, and traveling specific stages and periods, the socialist society increasingly asserts its superiority in the process of developing its production forces, perfecting social relations, and deepening workers revolutionary democracy, in step with the development of the level of culture and the material and intellectual living standard of the masses, and with the shaping and development of a socialist consciousness. Far from appearing as a fixed and definitive structure, socialism--as the system that paves the way to a better and more just society--is in fact a dynamic process and a continually changing reality; it is realized in accordance with the specific phenomena and conditions prevailing in each country. "There is no pattern for building socialism," Comrade Nicolae Ceausescu stressed. "The general truths are applied differently in each country and at each stage of socioeconomic development. Proceeding from these principles, it is inconceivable to negate the socialist

nature of a given country or to oppose the socialism of one country to the socialism of another, or to the socialism of the future."

The RCP proceeds from the premise that in the future, the ways and methods of building the new system will diversify even further, in view of the fact that additional countries and nations will opt for the socialist revolution, and of the great and increasing diversity of economic, political, national, and social conditions of those countries. Extensive original experience and new forms and practices will determine the transition to socialism in both developed capitalist countries, and developing countries. Evidently, this will further enrich the revolutionary theory and practice with new theses and conclusions. The diversity of concrete forms in which socialist revolutions are accomplished attest to the great restorative force of socialism, which allows it to penetrate to all the countries, amid the most diverse conditions, and to increasingly assert itself in the world.

The Documents of the 13th Party Congress--An Expression of the Creative Application of Generally Valid Truths to the Social-Historical Conditions of Romania

Life and experience demonstrate that a new social system is always the work of the people of a country and the outcome of their sustained efforts, led by the communist party. Naturally, in order to successfully carry out a revolutionary process and build a socialist society in each country, it is also very important to strengthen the unity and solidarity among the socialist countries, and to develop cooperation among all the revolutionary, progressive, and democratic forces.

Proceeding from this concept, which has always guided all our party's activities, the RCP and its secretary general, Comrade Nicolae Ceausescu, have militated and continue to resolutely militate for continuously strengthening relations of cooperation and solidarity with the communist and workers parties of the world and forging a new type of unity among them--an unity which, keeping in mind their diverse historical, social-political, economical, and cultural conditions, can be firmly anchored in respect for the right of each party to independently decide its political line and its revolutionary strategy and tactics. In the spirit of the same principles, our party is developing relations of cooperation with socialist and social-democratic parties, government parties in the developing countries, and other parties and revolutionary organizations, and with all anti-imperialist forces and peoples everywhere.

Marked by the outstanding personality and the scientific and profoundly dialectical thinking of the party secretary general, the 13th congress documents give a new expression to the creative and innovative concept of the RCP on the fundamental issues of building the new system and of international life, and to its active contribution to enriching the heritage of revolutionary theory and practice. As a document of an inestimable theoretical and practical value, the congress report of the RCP secretary general tackled extensive issues concerning the country's socioeconomic development, the development of the technical-material resources of the new system, the means of strengthening and improving socialist property, the role of the party and

the state, the need to provide uniform social leadership and to consistently implement the principle of democratic centralism, and the dialectical relationship between domestic and foreign policy. This analysis highlights the complexity of the process of harmoniously developing all the sectors of the national economy, the need to overcome certain contradictions and shortcomings, and the link between socioeconomic development programs and improving the organization and leadership of the society.

The central idea that runs throughout the documents of the 13th congress is that, in order to creatively implement the general laws of development, it is vitally important to understand their specific effect and to always keep in mind the fact that, as the congress report stated, "The general is always realized amid specific conditions and is asserted in particular forms, which differ from one country to the other, just as the sum total of specific social experiences is reflected in the objective general laws of development of the human society."

From the position of this theoretical perspective, the report highlights Romania's basic objective and directions of socioeconomic development for the years 1986-90 and up to the year 2000, whereby the new 5-year plan will mark the transition to the third stage of implementation of the program on building the comprehensively developed socialist society and advance toward communism.

This new stage of the process of revolutionary transformation of the Romanian society will focus the socioeconomic activities on intensively developing the production forces, further perfecting, on a new basis, the social and production relations, and achieving a new and superior quality in all the areas. In the economy, for example, steps have already been taken to implement a series of special programs designed to intensively develop the industry and agriculture, expand energy and raw material resources, continuously enhance economic efficiency, develop socialist property, increase the contribution of science and education to building the new system, promote our country's increasingly more active participation in the international division of labor, and secure a higher level of material and intellectual well-being for all our people. Such an orientation reflects the concept that the development of the production forces is the decisive factor of historical progress.

The congress documents have brought theoretical reinforcement to the concept of the socialist state, which is called upon to adapt its functions to the extensive process of general democratization of the society and to the current requirements of our socioeconomic development. Thus, Comrade Nicolae Ceausescu's report contained particularly valuable and significant views on the role and functions of the state of workers revolutionary democracy in the organization and leadership of the society. Proceeding from the premise that the state will continue to exist and to function for a long period of time, in the communist society, too, the report emphasized the highly significant thesis concerning the objective need to further increase the role of our socialist state in providing uniform planning, organization, and leadership for all socioeconomic activities on the basis of the single national plan, with a view to ensuring the manysided and harmonious development of the Romanian society. At the same time, the dialectics of strengthening the role of our state is based on perfecting socialist democracy, ensuring the

participation of workers, peasants, intellectuals, and all people in economic and social management, and harmoniously blending the activities of state bodies with those of the new democratic bodies.

The 13th congress documents conclusively demonstrate that, by creatively applying scientific socialism and revolutionary dialectical and historical materialism to the specific conditions prevailing in our country, and completely identifying with the vital interests of the masses, the RCP is successfully fulfilling its role as the vital center of the society and the catalyst for the creative energies of all the people. Consequently, strengthening the party and perfecting its forms of organization and activity in relation to the new conditions amid which it is working will continuously improve the organization and leadership of the society and will guarantee the people's material and intellectual progress.

The increasing assertion of the role of the party as the leading political force of the entire nation requires improvements in political-ideological activities designed to develop the revolutionary consciousness and moral traits of the new man, and to promote the active participation of the communists and of all working people in implementing the party program.

As a brilliant analysis and summary of the revolutionary processes experienced by our country and by the contemporary world, a constructive examination of the present, and a scientific forecast of the future, the 13th congress documents conclusively demonstrate the fact that the viability and perennial value of the principles of scientific socialism and of the Marxist theory reside in their creative application to the specific conditions prevailing in each country and to the requirements of each historical period.

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## MINISTRY OF FOOD INDUSTRY, AGRICULTURAL PRODUCTS PURCHASING DECREE

Bucharest BULETINUL OFICIAL in Romanian Part I No 77, 27 Dec 85 pp 1-6

[Decree No 392/1985 of the State Council on the Founding, Organization and Operation of the Ministry of the Food Industry and the Purchase of Agricultural Products]

[Text] The State Council of the Socialist Republic of Romania decrees:

Chapter I  
General Provisions

Article 1. On the date of the present decree, the Ministry of the Food Industry and the Purchase of Agricultural Products is founded through the reorganization of the Department of the Food Industry within the Ministry of Agriculture and the Food Industry and of the Department for the Contracting for, Purchase and Preservation of Agricultural Products, which cease their activity.

Article 2. The Ministry of the Food Industry and the Purchase of Agricultural Products carries out the policy of the party and state in the field of the food industry and in the fields of setting up, taking over, preserving and utilizing the state supply of vegetable and animal agricultural products and forming and preserving the state reserve of agricultural and food products.

Article 3. The Ministry of the Food Industry and the Purchase of Agricultural Products fulfills the function of coordinating central body for the activities in its field that are performed in units subordinate to other central or local state bodies and to the cooperative and public organizations.

Article 4. The Ministry of the Food Industry and the Purchase of Agricultural Products manages, guides and oversees the activity of the industrial centrals and the other units subordinate to it and is responsible, as plan titular, for the fulfillment of the plan in its field of activity.

Article 5. In its activity the Ministry of the Food Industry and the Purchase of Agricultural Products provides for the application of the laws, the decrees, and the decisions of the Council of Ministers.

Article 6. The Ministry of the Food Industry and the Purchase of Agricultural Products collaborates with the other ministries and central bodies and with the local bodies in order to perform the duties that devolve upon it.

## Chapter II Duties

Article 7. The Ministry of the Food Industry and the Purchase of Agricultural Products performs mainly the duties set by means of the present decree.

### Section 1 Duties in the Field of the Food Industry

#### A. Regarding the Industrialization of Vegetable and Animal Agricultural Products

Article 8. The Ministry of the Food Industry and the Purchase of Agricultural Products bears the entire responsibility regarding the industrialization of vegetable and animal agricultural products, under the conditions of the advanced utilization of raw materials and the improvement and modernization of production technologies, to which end:

- a) It is responsible for the attainment of the targets in the sole national plan for economic and social development, to all the stipulated indicators, and for the preparation and application of the development programs in the field of the food industry;
- b) It provides and is responsible for the continual development of the activity of industrialization of agricultural products, the diversification of the assortments of food products and the improvement of their quality, with a view to meeting the consumption needs of the population and other requirements of the national economy;
- c) It is responsible for the advanced utilization of agricultural raw materials, the introduction of new technologies, the reduction of specific consumptions, the rational use of production capacities, and the introduction of advanced methods of organization of production and labor, with a view to raising the labor productivity and economic efficiency in the industrialization units;
- d) It prepares development studies and programs taking into account the orientations and trends of technical progress on a world level; it prepares the drafts of the annual and long-term plans, and the special programs for products, groups of products and activities, on the basis of its own studies and the proposals of the subordinate units;
- e) It prepares programs for full use of the production capacities under conditions of increased efficiency, pursuing the utilization of the equipment, installations and work force in the industrial units throughout the year;
- f) It is responsible for the sensible administration of the meat resources in the state supply, for the securing of the production of meat and preparations

of meat, and for the complete and advanced utilization of animal products and byproducts and the achievement of a diversified output of meat products and preparations;

g) It oversees the animal-slaughtering setup in the slaughterhouses, regardless of subordination, and is responsible for the observance of the law's provisions on the slaughter weight and the number of animals earmarked for slaughtering, in accordance with the plan;

h) It takes steps to develop the production of processed and prepackaged culinary preparations, on the basis of the criteria for scientific nutrition;

i) It is responsible for the industrialization of milk, for the advanced utilization of it, and for the achievement of dairy products with different food values, in accordance with the requirements for rationally feeding the various categories of consumers;

j) It organizes, guides and oversees the fishing in the Black Sea and in oceans, the pisciculture and fishing in inland waters, in accordance with the law, the industrialization of fish and other aquatic products, the improvement of the quality of processed fish products through the strict following of the manufacturing technologies and recipes, and the growth of the quantities of fish processed and delivered fresh to the population;

k) It provides for the industrialization of wheat and corn and organizes and is responsible for the achievement of flour production, bread, bakery and pastry products, flour paste ware, and crackers in a wide assortment structure of high quality, pursuing the sensible administration of raw materials;

l) It guides and oversees the production of sugar beets and is responsible for the achievement of the production of sugar, sugar products, and oil; it takes steps to continually improve the technologies for sugar and oil production, with a view to obtaining higher manufacturing outputs; it provides for the growth of the qualitative level of sugar products and the improvement of the packaging and the manner of displaying them;

m) It is responsible for the industrialization and advanced utilization of vegetables, potatoes, fruit and grapes in the form of semi-preserved and preserved products, providing for the continual diversification of the assortments and the improvement of their quality; it coordinates and is responsible for the achievement of juice production;

n) It provides for the utilization, through winemaking, of the production of grapes meant for industrialization, pursuing the application of new and improved technologies that would lead to the obtaining of high-quality wine; it coordinates, guides and gives mandatory orders regarding the production of alcoholic beverages and the meeting of the targets for the state supply; it is responsible for the achievement of beer production in accordance with the consumption requirements; it is responsible for the industrialization of tobacco and provides for the production of tobacco and cigarettes;

o) It is responsible for the advanced utilization of the agricultural and food resources that the national economy has, through the concentration of the production of culinary preparations in specialized units, and for the organization of production on industrial principles, through the creation of factories of various capacities that would meet the need for products for the commercial food units, the public food service units, and collective consumption;

p) It coordinates and gives mandatory orders for the production and delivery of flour, cornmeal, bakery products, sugar products and other agroindustrial products made by the units subordinate to local bodies, gives them specialized technical assistance and performs the supervision of the activity of the mills with a practice of grinding as a service;

r) It coordinates and promotes the development, within the combined agroindustrial councils, of the new industrial capacities for the economic utilization of the resources of agricultural raw materials; it organizes actions of cooperation and association between the industrial enterprises and the agricultural cooperatives and develops sections of the enterprises in the range of activity of the councils;

s) It coordinates the preparation of the plan for scientific research, technological development, and introduction of technical progress for all food-industry sectors and pursues and provides for its fulfillment; it is responsible for the assimilation of new products, in conformity with the programs drawn up, the modernization of the existing ones, the improvement of the technologies, the mechanization and automation of the production processes and those with a high volume of manual labor, and the reduction of the consumption of raw materials and supplies;

ş) It devises and applies new technologies that provide for the achievement and use of substitutes for scarce and imported raw materials and supplies;

t) It collaborates, on the basis of joint priority programs, with the research and production units in agriculture to find new breeds or hybrids of animals and plants, with a view to furnishing to industry raw materials with a high amount of useful substances and optimum processing characteristics;

ţ) It prepares the designs for typifying the technologies and constructions for the new capacities in all sectors of the food industry, monitoring the manner of application of them by all producers of foodstuffs, regardless of their subordination;

u) It coordinates the preparation of and the giving of advice on the technical documentation for all food products, pursuing the inclusion in it of the technical conditions for quality and composition, quality-checking rules and methods, special packaging, marking and transportation instructions, and special rules on protection specific to the climatic and environmental conditions of the countries to which they are to be shipped, and other parameters, in accordance with the law;

v) It pursues the observance of the level of the quality parameters in the technical documentation that it prepares and the strict application of them, after their approval in conformity with the law; it provides for the periodic revision of the quality parameters of the products in order to bring them to the level of the performances in the country or on a world plane;

z) It organizes, guides and coordinates the rational utilization and the development of the refrigerating network in the country.

#### B. Regarding the Purchase of Vegetable and Animal Agricultural Products

Article 9. The Ministry of the Food Industry and the Purchase of Agricultural Products is solely responsible for the entire activity of contracting for, purchasing and taking over the vegetable and animal agricultural products for the state supply and the self-supply fund.

Article 10. In its capacity of being solely responsible for the activity of purchases of, contracting for and takeover of vegetable and animal agricultural products, the Ministry of the Food Industry and the Purchase of Agricultural Products can give to the Central Union of Cooperatives for Production, Purchases and Sales of Goods a mandate to perform, through its units, contracting for and purchases of vegetable and animal agricultural products. The Ministry of the Food Industry and the Purchase of Agricultural Products can also give to other ministries and central bodies a mandate to perform contracting for and purchases of some of the agricultural products.

Article 11. The Central Union of Cooperatives for Production, Purchases and Sales of Goods and the other central bodies are responsible, in conformity with the mandate given, together with the Ministry of the Food Industry and the Purchase of Agricultural Products, for the complete attainment of the targets for contracting for and taking over the agricultural products for the state supply.

The units that contract for and purchase agricultural products under the mandate received will conclude economic delivery contracts with the consuming units for the quantities stipulated in the plan.

### Section 2

#### Duties in the Field of the Formation, Preservation and Utilization of the State Supply of Cereals and Technical Plants

##### A. Regarding the Formation of the State Supply of Cereals and Technical Plants

Article 12. The Ministry of the Food Industry and the Purchase of Agricultural Products is responsible for the formation of the state supply of cereals, pulse plants and oilseeds, to which end:

a) It organizes and provides for the concluding of the contracts with the socialist agricultural units and other producers for the delivery of cereals and technical plants for the state supply;

- b) It oversees the material base of the delivery contracts for the state supply, the placement of the crops and the cultivation of the planned areas, the providing and use of the seeds of varieties and hybrids with superior biological traits, and the execution of the agricultural work in accordance with the law: soil preparation, sowing in the optimum period, compliance with the densities, fertilization with natural and chemical fertilizer in accordance with the program, combating of diseases, pests and weeds, and crop maintenance;
- c) It collaborates with the Ministry of Agriculture to perform the evaluation of the outputs of cereals, pulse plants and oilseeds and to prepare the drafts of the balances for these products, with a view to the complete achievement of the state supply;
- d) It collaborates with the Ministry of Agriculture to organize the harvesting of cereals, pulse plants and oilseeds and takes steps so that the products slated for the state supply may be transported and delivered with priority to the collection bases;
- e) It provides for the complete takeover of the cereals, pulse plants and oilseeds that are delivered to the state supply through contracting and purchases, of those owed to the agricultural mechanization stations as payment in kind for the work done for the agricultural production cooperatives and other producers, and of the percentages owed for the milling operations.

#### B. Regarding the Storage and Preservation of Cereals and Technical Plants

Article 13. The Ministry of the Food Industry and the Purchase of Agricultural Products is responsible for the receipt, storage and preservation of cereals, pulse plants and oilseeds, to which end:

- a) It organizes accordingly the collection bases and storage spaces, providing for the quantitative and qualitative receipt of the agricultural products, in accordance with the legal norms;
- b) It provides for the receipt, storage, conditioning and preservation of the agricultural products;
- c) It pursues the achievement of the tasks regarding the purchases of cereals, pulse plants and oilseeds from the population by the units of the cooperative system for production, purchases and sales of goods and oversees the way in which these units store and preserve the products;
- d) It oversees and is responsible for the qualitative and sanitary condition of the stored products and takes steps to prevent any losses and spoilage.

#### C. Regarding the Utilization of Cereals and Technical Plants

Article 14. The Ministry of the Food Industry and the Purchase of Agricultural Products is responsible for the utilization of cereals, pulse plants and oilseeds, to which end:

- a) It provides for the delivery of the products from the state supply and verifies their utilization in accordance with the purposes established by means of the plan; it proposes measures for reducing the consumption of and economizing on agricultural products;
- b) It provides for the delivery of agricultural products for exportation, on the dates and under the conditions set by means of the foreign contracts;
- c) It oversees and takes steps regarding the strict observance of the legal norms on the transportation and marketing of cereals;
- d) It oversees in the agricultural production units the compliance with the purposes of production, established by means of the balances, and takes the undeclared reserves into the state supply;
- e) It organizes and is responsible for the records of the entire quantity of cereals, pulse plants and oilseeds in the state supply and takes steps to ensure the integrity of this supply.

### Section 3

#### Duties Regarding the Formation and Preservation of the State Reserve of Agricultural and Food Products

Article 15. The Ministry of the Food Industry and the Purchase of Agricultural Products is responsible for the formation and preservation of the state reserve of agricultural and food products, to which end:

- a) It provides for the matter of accumulating in the state reserves the agricultural and food products needed for efficiently and promptly meeting needs of the national economy;
- b) It prepares proposals regarding the list, the levels, the minimum stocks, and the annual and long-term plans for forming the state reserves of agricultural and food products;
- c) It plans and coordinates the activity of distributing over the territory, storing, preserving and keeping fresh the agricultural and food products in the state reserves;
- d) It gives advice on the proposals of the ministries and other central bodies of the state administration regarding the removal in the form of a loan or the permanent removal of agricultural and food products from the stocks of the state reserves;
- e) It provides for the integrity and the preservation of the qualitative characteristics of the agricultural and food products in the state reserves, establishing the storage periods and taking steps to keep the products fresh;
- f) It issues mandatory norms regarding the state reserves of agricultural and food products stored both in the subordinate units and in the units subordinate to the ministries and other central bodies of the state administration;

g) It proposes the construction of storage capacities in accordance with the rate of growth of the stocks of agricultural and food products in the state reserves and the rational use of the existing storage capacities;

h) It collaborates with the specialized research units to establish the conditions for long-term storage and for preservation of the agricultural and food products in the state reserves;

i) It prepares the income and expense budget with a view to the financing, formation and administration of the state reserves and the achievement of the investment work.

#### Section 4 Other Duties

Article 16. The Ministry of the Food Industry and the Purchase of Agricultural Products also performs the following duties:

a) It provides for the diversification of production and the continual raising of the qualitative characteristics of the products, with a view to meeting the needs of the national economy and increasing their competitiveness on the international market;

b) It is responsible for the preparation and application of the rates of consumption of raw materials, supplies and fuel, takes steps to continually reduce material, energy and manpower consumptions and provides for the recovery and utilization of reusable material and energy resources;

c) It organizes the preparation of the works on the need for raw materials, supplies and equipment for the subordinate units; it provides for the balancing of the balances for raw materials, supplies, semiproducts and products in its jurisdiction; it prepares the material balances for the products for which it is the coordinator;

d) It is responsible for attaining the planned production and for fulfilling the other indicators that devolve upon it from the sole national plan for economic and social development and the state budget and from the special programs, periodically informing the Council of Ministers;

e) It guides and coordinates the activity of organizing production and labor in the subordinate units; it organizes the activity of preparing, applying and supervising the labor standards and norms for all categories of personnel in its sphere of activity; it promotes the introduction of modern methods and techniques into the organization of production and the management of the economic units.

f) It is responsible for developing the activity of foreign trade and international economic cooperation in its field of activity, to which end:

It prepares the export plan, makes proposals regarding the proportions, structure and orientation of the trade exchanges in prospect and is responsible for

fulfilling the export tasks that devolve upon it and the tasks of international economic cooperation in its field of activity;

It organizes and coordinates the activity of economic, technical and scientific collaboration and cooperation with other ministries and central bodies in the country and with foreign partners in its field of activity;

It provides and is responsible for the application of the international conventions and agreements referring to the ministry's activity; it oversees and provides for the fulfillment of the obligations that result from them.

g) It approves the orders for new and modernized products and technologies in its jurisdiction, in accordance with the law;

h) It determines the need for circulating funds for the subordinate units, in accordance with the legal norms;

i) It analyzes the periodic reports and balance sheets of the subordinate units and prepares the ones that involve the activity of the whole ministry;

j) It prepares and executes, in accordance with the law, the income and expense budget for the ministry's central administration and the subordinate budgetary units.

k) It exercises, in accordance with law, the powers regarding prices and rates;

l) It is responsible for the application of the policy of the party and state on personnel and pay matters, to which end:

It establishes uniform criteria for selection, training, advanced training, and promotion of the personnel in its branch and subbranches of activity and oversees their application;

It determines the future need for personnel and takes steps to train them, in accordance with the law;

It hires the personnel for its own apparatus; it appoints the management bodies of the centrals, the comparable units and the other directly subordinate units, in accordance with the law;

It organizes and provides for the advanced training of management personnel and of specialists;

It is responsible for the tasks that devolve upon it with regard to the integration of education with production and scientific research and the coordination of the activities of the educational units with dual subordination in the field of preparing and fulfilling the annual plans for research, design and microproduction;

It participates in the preparation of the proposals regarding the improvement of the elements of the pay system, organizing the preparation of studies for this purpose;

It provides for the uniform application of the elements of the pay system on the basis of the principle of overall piecework for the branch and the coordinate subbranches;

It establishes, in accordance of the law, measures regarding labor protection and provides the best working conditions for the prevention of work accidents and occupational ailments at the subordinate units;

It establishes general measures for continually improving the working and living conditions of the personnel;

m) It is responsible for also performing other duties, established in accordance with the law.

Article 17. In fulfilling the function of coordinating central body, the Ministry of the Food Industry and the Purchase of Agricultural Products provides for:

a) The specialization, orientation and integration of the production in all the units within the branch;

b) The cooperation between all the units subordinate to it and those of other central and local bodies;

c) The preparation, together with the plan titulars, of the draft plan in branch form, pursuing the balanced development of the branch;

d) The guidance and control, over the whole branch, of: the rational utilization of the means of production, the introduction and expansion of new technology, the assimilation of new products and the improvement of existing ones, the continual raising of the quality of the products, the raising of labor productivity and the reduction of costs, in conformity with the provisions of the special programs approved;

e) The coordination, guidance and supervision of the rational use of equipment, of all production capacities, and the fulfillment of the plan for construction-assembly and capital repairs on them.

### Chapter III Organization and Operation

Article 18. The Ministry of the Food Industry and the Purchase of Agricultural Products is managed by the management council, which decides on the general matters concerning the ministry's activity; the collective leadership of the ministry's operational activity and the providing of the implementation of the decisions of the management council are achieved through its executive bureau.

The ministry's management council and its executive bureau, bodies with a deliberative character, are organized and operate in accordance with Decree No 76/1973 on the Management of the Ministries and Other Central Bodies of the State Administration on the Basis of the Principle of Collective Leadership.

Article 19. The minister informs the management council of the ministry about the main problems solved in the period between sessions.

Article 20. The Ministry of the Food Industry and the Purchase of Agricultural Products has in its management one minister, three deputy ministers and two state secretaries.

The deputy ministers and the state secretaries are appointed by means of a presidential decree, and their duties are established by the management council of the ministry.

Article 21. The minister represents the ministry in relations with other bodies and organizations in the country and in international relations.

Article 22. The Technical and Economic Council, a working body alongside the collective leadership bodies of the ministry, is organized and operates, in accordance with Decree No 78/1973, within the Ministry of the Food Industry and the Purchase of Agricultural Products.

Article 23. The Ministry of the Food Industry and the Purchase of Agricultural Products has the following organizational structure:

- a) The Directorate for Purchasing and Industrialization of Animal Products;
- b) The Directorate for Purchasing and Industrialization of Vegetable Products;
- c) The Directorate for the Plan, Finances and Prices;
- d) The Technical Directorate for the Improvement of Technologies and the Introduction of Technical Progress in the Food Industry;
- e) The Directorate for Investments and Mechanical Power;
- f) The Directorate for Foreign Trade and International Economic Cooperation;
- g) The Directorate for Supply and Transportation;
- h) The Directorate for Organization, Personnel, Education and Pay;
- i) The State Inspectorate for the Food Industry and the Purchase of Agricultural Products;
- j) The Economic General Directorate for the Purchase of Agricultural Products;
- k) The Legal and Arbitration Office;

1) The Secretariat and Administrative Service.

The organizational structure according to work departments and the maximum number of personnel in the apparatus of the ministry are those given in Appendix 1 and Appendix 2. (Footnote 1) (Appendices 1 and 2 are communicated to the institutions involved.)

The duties and the operating standards of the departments mentioned in Paragraph 1 are established by the management council of the ministry, in accordance with the legal norms.

The Economic General Directorate for the Purchase of Agricultural Products operates on the principle of economic and financial self-administration, has a juridical personality and performs the duties that devolve, in accordance with the law, upon the centrals.

Article 24. The Ministry of the Food Industry and the Purchase of Agricultural Products has subordinate to it industrial centrals and units comparable to them, enterprises, scientific research units, other units, secondary schools and vocational schools for the training of specialized personnel.

Article 25. The Ministry of the Food Industry and the Purchase of Agricultural Products has directly subordinate to it the units given in Appendix 3 [appendix not reproduced].

Article 26. For the unitary coordination of the activity of industrialization and purchasing of agricultural products, councils for the industrialization and purchase of agricultural products under the subordination of the Ministry of the Food Industry and the Purchase of Agricultural Products and the executive committees of the county people's councils and that of the municipality of Bucharest are set up within the counties and the municipality of Bucharest.

#### Chapter IV Final Provisions

Article 27. The enterprises for contracting for, purchasing and preservation of agricultural products are also subordinate to the executive committees of the county people's councils and that of the municipality of Bucharest.

Article 28. For pursuing the achievement of the state supply, the section of representatives of the state, provided with one-two posts for each state and cooperative combined agroindustrial council, operates within the enterprises for contracting for, purchasing and preservation of agricultural products.

The position of representative of the state is equivalent to the positions of principal inspector I and II in the county inspectorates for product quality control, provided in Appendix VI, Chapter IV, Letter A, Position 2, of Law No 57/1974.

Article 29. The Ministry of the Food Industry and the Purchase of Agricultural Products is equipped with four automobiles for transportation of persons for its own common fleet.

Article 30. The personnel who move from the Ministry of Agriculture and the Food Industry and the Department for the Contracting for, Purchase and Preservation of Agricultural Products to the Ministry of the Food Industry and the Purchase of Agricultural Products are considered transferred in the interest of service.

Article 31. The personnel transferred in the interest of service or moved in the same unit to positions with lower pay levels and the personnel becoming available as a result of the application of the present decree have the rights provided in Article 21 of Decree No 162/1973 on the Establishment of the Uniform Structural Standards for the Economic Units.

Article 32. The provisions of Decree No 367/1980 on Some Measures for the Rational Utilization of the Personnel in the Socialist Units, whose applicability was extended by means of Decree No 451/1984, do not apply until 31 March 1986 to the posts in the units to and from which personnel are transferred as a result of the provisions of the present decree.

Article 33. Within 30 days after the date of the present decree, the State Planning Committee and the Ministry of Finance, on the basis of the proposals of the ministries involved, will submit for approval the changes in the economic and financial plan indicators and in the volume and structure of the state budget, with the influences that result from the application of the present decree.

Article 34. Appendices 1-3 are an integral part of the present decree.

Article 35. Decree No 420/1982 on the Founding, Organization and Operation of the Department for the Contracting for, Purchase and Preservation of Agricultural Products and any other contrary provisions are repealed.

Nicolae Ceausescu,  
Chairman  
of the Socialist Republic of Romania

Bucharest, 16 December 1985.  
No 392.

12105  
CSO: 2700/64

## DECREE ON COUNCILS FOR PROCESSING, PURCHASING AGRICULTURAL PRODUCTS

Bucharest BULETINUL OFICIAL in Romanian Part I No 77, 27 Dec 85 p 8

[Decree No 401/1985 of the State Council on the Organization of the County Councils for the Industrialization and Purchase of Agricultural Products and That of the Municipality of Bucharest]

[Text] The State Council of the Socialist Republic of Romania decrees:

Article 1. For the unitary coordination of the activity of industrialization and purchasing of agricultural products, councils for the industrialization and purchase of agricultural products, specialized local bodies subordinate to the executive committees of the county people's councils and that of the municipality of Bucharest and to the Ministry of the Food Industry and the Purchase of Agricultural Products, are founded within the counties and the municipality of Bucharest.

Article 2. The councils for the industrialization and purchase of agricultural products have the following main duties:

- a) They are responsible for the fulfillment of the plan targets of the units for industrialization of vegetable and animal agricultural products and for the implementation of the self-supply programs at the level of each county, taking steps to meet the needs of the local economy and the consumption requirements of the population;
- b) They take steps regarding and are responsible for the development of the production in the food-industry units and in the other units for industrialization and processing of agricultural products and the diversification and the improvement of the quality of this production;
- c) They are responsible for the advanced utilization of agricultural raw materials, for the rational and full use of the work force and the production capacities, and for the introduction of advanced methods of organization of production and labor, with a view to the continual growth of labor productivity and the reduction of the consumption of materials and energy and the costs per unit of product;

d) They pursue and oversee the strict following of the technologies and production recipes devised in accordance with the law and take steps to strengthen the responsibility, order and discipline in the management of the material and monetary resources in each unit;

e) They promote the development, within the combined agroindustrial councils, of the industrial capacities for the economic utilization of resources of agricultural raw materials; they organize actions of cooperation and association between the industrial enterprises and the agricultural cooperatives and develop sections of the enterprises in the range of activity of the councils;

f) They oversee the animal-slaughtering setup and are responsible for the observance of the legal provisions on the slaughter weight and the number of animals earmarked for slaughtering;

g) They organize and provide for the contracting for vegetable and animal agricultural products and the taking of them into the state supply at the level of the plan provisions; they take steps to guide and assist, in accordance with the law, the socialist agricultural units and the other agricultural producers in achieving the contracted production and to correlate the activity of the industrialization units with that of the agricultural units supplying raw materials;

h) They are responsible for the complete performance of the export tasks, in the assortment structure and in the quality conditions required on the foreign market, by the units for industrialization of agricultural products in their territorial-administrative range;

i) They prepare studies and programs concerning the proportions, levels and rate of and the ways to develop in the future the production in the units for industrialization of agricultural products; they provide for the preparation of the plan proposals in territorial form for the food industry.

Article 3. The councils for the industrialization and purchase of agricultural products collaborate with the general directorates for agriculture, the county unions of agricultural cooperatives and the state and cooperative combined agroindustrial councils and with the other local public and state bodies that have tasks in the field of agriculture, the food industry and the purchase of agricultural products, with a view to the continual growth of vegetable and animal agricultural production and of the deliveries to the state supply and the self-supply fund, the development and diversification of the production of the food-industry units, and the raising of the qualitative level of agroindustrial products.

Article 4. The councils for the industrialization and purchase of agricultural products are organized at the county enterprises for meat industrialization and that of the municipality of Bucharest.

Article 5. The number of posts and the list of functions in the apparatus of the councils for the industrialization and purchase of agricultural products

are given in the appendix (Footnote 1) (The appendix is communicated to the institutions involved), which is an integral part of the present decree.

Nicolae Ceausescu,  
Chairman  
of the Socialist Republic of Romania

Bucharest, 21 December 1985.  
No 401.

12105  
CSO: 2700/64

## DECREE ON ORGANIZATION, OPERATION OF MINISTRY OF AGRICULTURE

Bucharest BULETINUL OFICIAL in Romanian Part I No 78, 28 Dec 85 pp 1-6

[Decree No 398/1985 of the State Council on the Organization and Operation of the Ministry of Agriculture]

[Text] The State Council of the Socialist Republic of Romania decrees:

Chapter I  
General Provisions

Article 1. The Ministry of Agriculture exercises, in accordance with the law, the unitary management of all agriculture and provides for its continual progress and the economic development of the state and cooperative socialist organizations in agriculture.

Article 2. The Ministry of Agriculture bears the entire responsibility for the unitary implementation of the policy of the party and state in the field of agriculture and fulfills the function of coordinating ministry for the activity in its field that is performed in units subordinate to other central or local bodies of the state administration and of the cooperative and public organizations.

The Ministry of Agriculture takes steps to integrate the economic and production activity of the state and cooperative agricultural units, with a view to the utilization of land resources, technical resources and manpower with maximum efficiency, which would lead to the more marked growth of vegetable and animal production.

Article 3. The Ministry of Agriculture manages, guides and oversees the units subordinate to it and is responsible, as plan titular, for the fulfillment of the plan for its entire activity.

Article 4. In its field of activity the Ministry of Agriculture provides for the application of the laws, the decrees, and the decisions of the Council of Ministers.

Article 5. The Ministry of Agriculture collaborates with the other ministries and central bodies and with the local bodies in order to perform the duties that devolve upon it.

In order to provide for the continual growth of production and the development and consolidation of the agricultural production cooperatives and the state and cooperative combined agroindustrial councils, the Ministry of Agriculture collaborates with the National Union of Agricultural Production Cooperatives.

## Chapter II Duties

Article 6. The Ministry of Agriculture has the following main duties:

### A. In the Field of Vegetable Production

- a) It is responsible for the performance of the tasks concerning the development of agriculture and the accomplishment of the new agrarian revolution; the obtaining of increased outputs of cereals and technical plants that are reliable and steady, regardless of the fluctuation of the climatic factors; and the creation of new varieties of hybrids of plants with a high production potential and resistant to bad weather;
- b) It takes steps regarding and is responsible for the rational use of all agricultural land, regardless of possessor; it provides for the execution of the agropedoameliorative work that would lead to the growth of the production potential of the land; it oversees and is responsible for the removal of land from vegetable agricultural production for other needs of the economy, seeing that this is done in strict compliance with the provisions of the law;
- c) It coordinates the geodetic and topographical activity throughout the country, with the exception of that performed by the Ministry of National Defense; it introduces and organizes the land cadastre; it provides for the matter of applying in the field the organization of the territory and the crop rotations over the entire arable area of the country;
- d) It establishes the zoning of the production of cereals, leguminous plants, technical plants, vegetables, potatoes and fodder plants and of the plantings of vines and fruit trees, in accordance with the soil, climatic, social and economic conditions in each zone and microzone; it establishes the territorial distribution of the varieties and hybrids for all cultivated plants and pursues and oversees the observance of it; it devises the uniform production technologies for all crops and takes steps regarding and oversees the following of them by all agricultural units;
- e) It organizes and is responsible for the achievement of the outputs of cereals, leguminous plants, technical and fodder plants, vegetables, potatoes, fruit, grapes and other vegetable agricultural products;

- f) It organizes, through the research units subordinate to it, the production of seed and planting stock and pursues and is responsible for the meeting of all agriculture's needs with seed and planting stock and for their quality;
- g) It draws up measures for plant protection and norms for phytosanitary quarantine; it guides the actions for combating diseases and pests and oversees their application; it gives advice on the production and utilization of insecticides, fungicides and herbicides;
- h) It provides for the organization of the execution of agricultural work in conformity with the provisions of the plans for cultivation and for production in the optimum periods, the observance of the technological norms, and the use of the fleet of tractors and agricultural machines with high efficiency, with a view to the growth of vegetable production;
- i) It establishes systems of tractors, agricultural machines, and equipment needed for mechanizing the production processes in agriculture; it takes steps to introduce them into vegetable agricultural production, establishing norms of use, maintenance and repair of them.

#### B. In the Field of Zootechny

- a) It determines the zoning of the species and breeds of animals in accordance with the natural, social and economic conditions in each zone and microzone; it pursues and oversees the observance of it; it devises production technologies and directives for all species and categories of animals and takes steps regarding and oversees the following of them by all agricultural units;
- b) It organizes and is responsible for the achievement of the outputs of meat, milk, eggs, wool and other animal agricultural products;
- c) It organizes and guides the actions concerning the selection and reproduction of animals, in a unitary manner for all sectors of agriculture, pursuing and being responsible for the growth of the populations;
- d) It pursues and is responsible for the improvement of the breeds of animals and the creation of new species that would provide increased production, on the basis of the latest results of applied biology and genetic engineering;
- e) It guides the actions of combating diseases and oversees their application;
- f) It exercises the powers of the state veterinary health service and of the State Veterinary Health Inspectorate and is responsible for the prevention and combating of epizootics; it organizes the production of biological materials and gives advice on the use of biological preparations and of drugs for zoo-veterinary purposes;
- g) It organizes the matter of exploiting through natural fishing and pisciculture the basins under the administration of the units subordinate to it; it performs, under the conditions provided by law, the guidance and supervision

of the activity of fishing, pisciculture, and protection of piscicultural resources in all piscicultural basins subordinate to it;

h) It is responsible for the providing of balanced fodder resources for all species and categories of animals, to which end it takes steps regarding the implementation, in all units, of the program for improvement and rational exploitation of natural pastures and meadows and for establishment of an optimum structure of cultivated fodder plants, for the application of the technologies established for them, for the harvesting and preservation of fodder with the providing of the quality conditions, and for its rational administration in the diet of the animals and for the preparation and improvement of all industrial byproducts and the agricultural byproducts used for feed.

#### C. In the Field of Land Improvements

a) It is responsible for the matter of executing on the stipulated dates the national program regarding the achievement of the work of irrigation, drainage, and combating of soil degradation and the raising of the soil's fertility and productive capacity;

b) It provides for the implementation of the programs for improvement of land resources through studies, research, design and execution of facilities for irrigation, drainage, and combating of soil erosion in local systems and setups and the exploitation of the areas set up for irrigation, drainage, and combating of soil erosion;

c) It provides the technical assistance in the design and execution of facilities for land improvements and the exploitation and maintenance of the local setups within the agricultural production cooperatives;

d) It is responsible for performing the tasks that devolve upon it with regard to the protection of land-improvement facilities from floods and ice.

#### Other Duties

a) It provides, within the framework of the sole national plan for economic and social development, for the development of all sectors, branches and sub-branches of agriculture at a steady rate and in a unitary conception;

b) It coordinates and guides the research and design activity in the subordinate units; it keeps track of the results of the scientific research and their utilization in production; it concerns itself with the introduction of technical, scientific and economic progress into the subordinate units and brings out publications and works on the problems of production, science and technology and organizes propaganda actions specific to agriculture;

c) It organizes and coordinates the activity of cooperation with other countries in the field of agriculture and provides for the correlation of the activity of cooperation with that of exportation, pursuing the utilization of the products meant for exportation through actions of cooperation; it organizes and coordinates the activity of economic, technical and scientific

collaboration with ministries and central bodies abroad; it provides for the application of the international conventions and agreements referring to the activity in its field and oversees the fulfillment of the obligations that result from them;

d) It guides and coordinates the activity of utilization of agricultural products, the technical-material-supply activity and the financial, accounting and investment activity of the agricultural production cooperatives and the economic associations;

e) It is responsible for the application of the policy of the party and state on matters of selection, training, advanced training, and promotion of personnel; it organizes the records of the personnel with agricultural higher education and is responsible for their assignment. The employment of agricultural specialists in other than agricultural sectors of activity is done only with the prior approval of the Ministry of Agriculture;

f) It takes steps regarding, organizes and is responsible for the development, within the combined agroindustrial councils, of the activity of small-scale industry and of expansion of the services that would contribute to the use of the work force throughout the year and to the growth of incomes;

g) It establishes, in accordance with the law, measures regarding labor protection and the improvement of the working and living conditions of the personnel in the subordinate units;

h) It presents to the Council of Ministers drafts of regulatory acts and of other acts provided by law; it gives advice on the drafts of regulatory acts and of ones of another nature prepared by the other ministries and central bodies and by the executive committees of the county people's councils when they involve its field of activity; it exercises the legal powers regarding the activity of the public organizations in its field and supports their activity; it performs any other duties provided by law.

### Chapter III Organization and Operation

Article 7. The Ministry of Agriculture is managed by the management council, which decides on the general matters concerning the activity of the ministry.

The collective leadership of the operational activity of the ministry and the providing of the implementation of the decisions of the management council are achieved through its executive bureau.

The ministry's management council and its executive bureau, bodies with a deliberative character, are organized and operate in accordance with Decree No 76/1973 on the Management of the Ministries and Other Central Bodies of the State Administration on the Basis of the Principle of Collective Leadership.

The chairman of the Academy of Agricultural and Silvicultural Sciences also belongs to the management council of the Ministry of Agriculture.

Article 8. The Ministry of Agriculture has in its management one minister, two minister state secretaries--members of the government, one of whom also holds the position of chief of the Department of State Agriculture--four deputy ministers and three state secretaries.

The minister state secretaries, the deputy ministers and the state secretaries are appointed by means of a presidential decree, and their duties are established by the management council of the ministry.

Article 9. The minister represents the ministry in relations with other bodies and organizations in the country and in international relations; in the minister's absence, these duties are performed by one of the minister state secretaries.

Article 10. The Council for Cereals and Technical Plants, the Council for Horticulture, the Council for Land Resources and Land Improvements, the Zoo-veterinary Council and the Council for Mechanization operate within the Ministry of Agriculture as technical working bodies alongside the collective leadership bodies of the ministry. Highly qualified specialists with long experience in production, research and education also belong to these councils. The number of members and the nominal composition are established by the management council of the ministry.

The councils discuss and present to the ministry's management council, for their fields of activity, proposals on: the actions and steps that must be taken regarding seed production, the structure of the varieties and hybrids, and their zoning; the measures for selection, reproduction and regionalization of the breeds of animals; the protection of the health of animals; the setting and uniform application of the technologies in all sectors of agriculture; the giving of advice on the system of tractors and agricultural machines, equipment and installations for agriculture and the industry for processing of agricultural products; and the introduction of new assortments of drugs, bio-preparations and chemical products into production. The Council for Land Resources and Land Improvements discusses and approves the construction solutions for the facilities for land improvements and agroindustrial constructions and the technologies for execution and exploitation of these facilities.

Article 11. The Ministry of Agriculture has the following organizational structure:

a) The Department of State Agriculture, which has in its structure:

The Directorate for Vegetable Production;

The Directorate for Animal Production;

The Directorate for Technical Matters and the Introduction of Technical Progress;

The Directorate for Investments and Mechanical Power;

The Directorate for the Plan and Finances;

The Directorate for Organization, Control, Personnel and Education;

b) The General Directorate for Cereals, Technical Plants and Land Resources, which has in its structure:

The Directorate for Cereals, with:

The State Inspectorate for the Quality of Seed and Planting Stock;

The State Inspectorate for Phytosanitary Quarantine;

The Directorate for Technical and Medicinal Plants;

The Directorate for Territorial Organization and Land Resources;

c) The Zooveterinary General Directorate, which has in its structure:

The Directorate for Animal Production;

The Veterinary Health Directorate;

The Directorate for Fodder Resources;

The State Veterinary Health Inspectorate;

d) The General Directorate for Vinegrowing, Fruitgrowing and Vegetable Growing, which has in its structure:

The Directorate for Vinegrowing, Fruitgrowing and Fruit-Bearing Bushes;

The Directorate for Vegetable Growing, Hothouses, Heliogreenhouses and Potatoes;

e) The Economic General Directorate for Agricultural Mechanization, which has in its structure:

The Directorate for Exploitation of Tractors and Agricultural Machines;

The Technical and Industrial-Production Directorate;

The Directorate for the Plan, Finances, Organization and Control;

f) The Economic General Directorate for Land Improvements and Construction in Agriculture, which has in its structure:

The Directorate for Construction and Assembly;

The Directorate for Exploitation of Land Improvement Facilities;

The Directorate for Technical Matters, Investments and Mechanical Power;

The Directorate for the Plan, Finances, Supply and Sales;

g) The Directorate for Technical Matters and the Introduction of Technical Progress;

h) The Directorate for Investments and Mechanical Power;

i) The Directorate for Planning;

j) The Directorate for Finances and Prices;

k) The Directorate for the Organization of Production in the Agricultural Production Cooperatives;

l) The Directorate for Organization, Control, Personnel, Education and Pay;

m) The Legal and Arbitration Office;

n) The Secretariat and Administrative Service;

o) The General Directorate for Technical-Material Supply.

The organizational structure according to work departments and the maximum number of personnel in the apparatus of the ministry are those given in appendices 1, 1a-1h and 2. (Footnote 1) (The appendices are communicated to the institutions involved.)

Article 12. The General Directorate for Cereals, Technical Plants and Land Resources is responsible for:

a) The preparation and uniform application of the production programs for each crop and of their technologies, the providing of seed, the combating of diseases and pests, and the obtaining of the planned outputs;

b) The preparation of the programs for rational land management, for growth of the arable areas and for improvement of the agricultural land resources of the whole country, and for the land cadastre.

Article 13. The Zooveterinary General Directorate is responsible for:

a) The attainment of the targets in the sole national plan for economic and social development regarding the animal populations, the output and the deliveries to the state supply and the efficiency indicators in the field of animal husbandry over the whole territory of the country;

b) The preparation and uniform application of the research and production programs for the improvement, reproduction and nutrition of the animals in all agriculture and of the specialized technologies for the achievement of animal production;

- c) The ensuring of the health of the animals;
- d) The resolution of the problems specific to agricultural and zootechnical production in the zones without cooperatives;
- e) The providing of the fodder resources needed, the improvement of pastures, and the processing and proper administration of fodder of all categories.

Article 14. The Department of State Agriculture is responsible for:

- a) The achievement of vegetable and animal production, under the conditions of efficiency provided in the plan in the subordinate production units, through the uniform application of the technologies established for all agriculture by the specialized directorates within the ministry, and for the providing and rational use of the technical-material base;
- b) The rational development of the production capacities, the modernization of them, the complete attainment of the investment objectives, and the maximally efficient use of the investment funds and fixed assets in the possession of its units;
- c) The performance of the activity of production, industrialization and delivery of meat for exportation, through the specialized trust.

Article 15. The General Directorate for Vinegrowing, Fruitgrowing and Vegetable Growing coordinates and is responsible in a unitary manner, over all of agriculture, for the production of vegetables, potatoes, fruit and grapes.

Article 16. The Economic General Directorate for Agricultural Mechanization is responsible for:

- a) The preparation and application of the mechanization programs for all agriculture;
- b) The organization of the production of equipment, mechanisms, devices and spare parts that are made by its own units, the achievement and diversification of the equipment and installations needed for the processing of agricultural products, both for the big industrial facilities and for the production capacities or the sections of factories that are created under the state and cooperative combined agroindustrial councils;
- c) The activity of transportation for the entire ministry.

Article 17. The Economic General Directorate for Land Improvements and Construction in Agriculture is responsible for:

- a) The implementation of the programs for improvement of land resources, through studies, research, design and execution of facilities for irrigation, drainage, and combating of soil erosion, both in the big systems and in the local ones;

- b) The execution of work of agricultural and zootechnical construction and of industrialization of agricultural products;
- c) The exploitation of the areas set up for irrigation, drainage, and combating of soil erosion in the big systems and the local setups;
- d) The granting of the technical assistance for the exploitation and maintenance of the local setups within the agricultural production cooperatives;
- e) The providing of studies and designs for land-improvement facilities and for agricultural and product-processing constructions of lesser complexity;
- f) The providing of the technical assistance in the design and execution of facilities for land improvements in the agricultural production cooperatives.

Article 18. The Department of State Agriculture, the Academy of Agricultural and Silvicultural Sciences, the Economic General Directorate for Agricultural Mechanization and the Economic General Directorate for Land Improvements and Construction in Agriculture have a juridical personality, are plan titulars and have targets listed distinctly in the sole national plan for all the indicators and are directly responsible for attaining the stipulated indicators.

A reserve from the plan titulars (department, economic general directorates, and centrals) of up to 3 percent of the indicators approved by means of the sole national plan can be established at the level of the ministry.

The utilization of the reserve will be done with the minister's approval, for any plan titular within the ministry, in compliance with the levels provided over the whole ministry for the respective indicators, informing the State Planning Committee and the Ministry of Finance about the changes made.

Article 19. The economic general directorates operate on the basis of worker self-management and economic and financial self-administration and perform the duties that devolve, in accordance with the law, upon the centrals and departments.

Article 20. The Department of State Agriculture and the economic general directorates mentioned in articles 16 and 17 are each managed by a management council and an executive bureau, bodies with a deliberative character, which are formed and operate in accordance with the provisions of Decree No 76/1973 on the Management of the Ministries and Other Central Bodies of the State Administration on the Basis of the Principle of Collective Leadership.

Article 21. The duties of the management councils and their executive bureaus are established by the management council of the ministry.

Article 22. Technical and economic councils are organized and operate, in accordance with Decree No 78/1973, alongside the collective leadership bodies of the economic general directorates mentioned in articles 16 and 17.

Article 23. The General Directorate for Technical-Material Supply has a juridical personality and operates on the basis of worker self-management and economic and financial self-administration.

Article 24. The duties of all sections of the ministry's apparatus are established, in accordance with the law, by means of the organizing and operating regulations, which are approved by the management council of the ministry.

Article 25. The economic general directorates mentioned in Article 11, letters e and f, are each managed by a deputy minister or state secretary, who also holds the position of director general,

Article 26. The Ministry of Agriculture has subordinate to it centrals, trusts, enterprises and other units comparable to them, scientific research, technological engineering, and design units, other units, specialized secondary schools and vocational schools for the training of specialized personnel.

Article 27. The Ministry of Agriculture has directly subordinate to it the units given in Appendix 3 [appendix not reproduced].

#### Chapter IV

##### The Connection with the Local Bodies of the State Administration

Article 28. For the unitary coordination of all agriculture, general directorates for agriculture are organized within the counties and the municipality of Bucharest, respectively. They operate as specialized local bodies, being subordinate to the Ministry of Agriculture and the executive committee of the county people's council and that of the municipality of Bucharest, respectively, in conformity with the provisions of Law No 57/1968 for Organizing and Operating the People's Councils. The directorates have a juridical personality and are plan titulars for the tasks that devolve upon agriculture and some industrial activities and transportation for agriculture within the county.

Article 29. The organization of the general directorates for agriculture and the units subordinate to them is done on the basis of the structural standards approved by means of a decree of the State Council.

Article 30. The technical, consumption and labor standards and the technologies devised, in accordance with the law, by the Ministry of Agriculture and the Academy of Agricultural and Silvicultural Sciences and by the subordinate centrals are mandatory for all specialized units on the territory.

The general directorates for agriculture are responsible for the uniform application of these standards, in accordance with the concrete soil, climatic, social and economic conditions in the respective zone.

In addition, the general directorates for agriculture, through their specialized units, are responsible for the application, in all units, regardless of subordination, of the norms and measures for conservation, growth and improvement of land resources, for the protection of plants and the quality of seed

and planting stock, and for the selection of animals and of the norms and measures of a veterinary-health nature and perform the specialized services.

Article 31. The Department of State Agriculture, the economic general directorates, the general directorates, the directorates in the ministry and the subordinate centrals, and the Academy of Agricultural and Silvicultural Sciences are obliged to give specialized assistance and guidance to the general directorates for agriculture and to consult them in preparing and applying the measures with the nature of a directive and in carrying out actions that involve the units in their territorial range.

Article 32. The engineers, veterinarians and economists who work in the agricultural production cooperatives as representatives of the state bear the responsibility, along with the management councils of the agricultural production cooperatives, for the application of the stipulated technologies, for the organization of production and labor, for the achievement of vegetable and animal agricultural products and for their delivery to the state supply, in accordance with the targets provided in the sole national plan.

The engineers and veterinarians who work in the agricultural production cooperatives are paid by the state through the state and cooperative combined agroindustrial councils and are responsible to them for fulfilling the tasks that devolve upon them. The transfer of agricultural specialists is done once per year, in the fourth quarter, in correlation with the assignment of the graduates and the beginning of the agricultural year.

The provisions of Paragraph 2 also apply accordingly to the chief accountants in agricultural production cooperatives who are paid by the state.

#### Chapter V Final Provisions

Article 33. The Academy of Agricultural and Silvicultural Sciences, the research institutes and the central research stations, together with the general directorates and the specialized directorates in the ministry, prepare unitary research programs and, on the basis of the results obtained, establish and continually improve mandatory technologies for all agriculture and pursue their varied application in all the agricultural units.

The Academy of Agricultural and Silvicultural Sciences, the research institutes, the central research stations and the research stations are responsible for producing and providing to all agriculture seeds needed for cereals, pulse plants, technical plants, fodder plants, vegetables and potatoes, viticultural and pomological planting stock, and breeding animals.

The research institutes, the central research stations and the research stations subordinate to the Department of State Agriculture and to the economic general directorates are also subordinate, for research activity, to the Academy of Agricultural and Silvicultural Sciences, which is responsible for coordinating, guiding and overseeing the implementation of the scientific research programs.

Article 34. The Ministry of Agriculture is equipped with five automobiles for transportation of persons for its own common fleet.

Article 35. The assets and liabilities established on the basis of the balance sheet concluded on the date of 31 December 1985, together with the economic and financial plan indicators and the contracts concluded in connection with food-industry activity, pass from the Ministry of Agriculture and the Food Industry to the Ministry of the Food Industry and the Purchase of Agricultural Products, on the basis of a protocol.

The personnel who move to the Ministry of the Food Industry and the Purchase of Agricultural Products are considered transferred in the interest of service.

Article 36. The personnel transferred in the interest of service or moved in the same unit to positions with lower pay levels and the personnel becoming available as a result of the application of the provisions of the present decree have the rights provided in Article 21 of Decree No 162/1973 on the Establishment of the Uniform Structural Standards for the Economic Units.

Article 37. The provisions of Decree No 367/1980 on Some Measures for the Rational Utilization of the Personnel in the Socialist Units, whose applicability was extended by means of Decree No 451/1984, do not apply for a period of 6 months after the date of the present decree to the posts in the apparatus of the Ministry of Agriculture and to those in the units to and from which personnel are transferred as a result of the application of the provisions of the present decree.

Article 38. The provisions of laws, decrees and other regulatory acts referring to the Ministry of Agriculture and the Food Industry apply accordingly to the Ministry of Agriculture, in accordance with its object of activity.

Article 39. Within 45 days after the date of the present decree, the State Planning Committee and the Ministry of Finance, together with the Ministry of Agriculture and the Ministry of the Food Industry and the Purchase of Agricultural Products, will propose the amendment of the plan indicators, according to plan titulars, with the effects that result, with the maintenance of budgetary equilibrium, for 1985 and 1986.

Article 40. Appendices 1-3 are an integral part of the present decree.

Article 41. Any provisions contrary to the present decree are repealed.

Nicolae Ceausescu,  
Chairman  
of the Socialist Republic of Romania

Bucharest, 20 December 1985.  
No 398.

12105  
CSO: 2700/63

## KRUNIC DISCUSSES POLITICAL, ECONOMIC SITUATION IN VOJVODINA

Zagreb DANAS in Serbo-Croatian 17 Dec 85 pp 25-28

[Interview with Bosko Krunic, member of the Presidium of the Vojvodina Provincial Committee of the LC, by Mirko Galic and Jovo Paripovic: "Differences and Artificial Divisions"]

[Text] DANAS: The upcoming congresses and conferences of the League of Communists are supposed to "put things in their place," at least that is anticipated, and that means evaluate the situation realistically and define the right roads for getting out of the socioeconomic crisis that has persisted for several years. Do you think, Comrade Krunic, that the circumstances, the state of relations, and the state of consciousness are such that the League of Communists will open up prospects and solutions for the complicated problems of our society?

Krunic: Economic and social developments since the 12th LCY Congress have thrown many difficult problems to the surface and confronted the League of Communists with very responsible tasks. It is now expected that the congresses and conferences of the LC will mark a turning point in political life. I believe that that is in fact what they will be.

The illusion has long been harbored in our country that everything must be changed. The psychology of destruction has gained quite a few adherents during the several years of the crisis situation in the economy, and a constructive policy is becoming unconvincing for many people. This psychology especially comes from a segment of the press. We are talking about a conviction that "this is no good at all," that "things are getting worse and worse" for us, that "politics is bad," and so on. You know the anecdote about the instruments and the musicians which comes down to the message that one should change the musicians not the instruments. We are now being offered a change of everything, both musicians and instruments. As if people have forgotten that after the 12th congress quite a few significant changes took place and quite a few significant measures were undertaken in order to overcome the economic difficulties and enhance the responsibility and role of the League of Communists. Criticism of the situation and of society since the 13th Meeting of the LCY Central Committee has been harsh, it ended in the good views adopted at the 16th meeting and the Platform for Preparation of the Congress. I know that this does not satisfy everyone. The way things now stand is that

we have not yet turned sufficiently in upon ourselves, there is still expectation that there will be some great surgical incision, carried out "from above." I think it is extremely important throughout this entire period for us to overcome illusions about any magical solutions that will come to the rescue, and I think that in everyday work and behavior we are strengthening self-management and decisiveness both in the League of Communists and also in society.

DANAS: In the Yugoslav political leadership there still have not been unanimous answers concerning certain questions. Do you think that the necessary state of unity which is indispensable if the country is to be able to get out of the crisis can be achieved before the congress and at the congresses?

Krunic: We have a differing grasp of the situation we find ourselves in, and also the interests of some of us are different. That is our reality. Differences must not in and of themselves translate into disunity. The better part of wisdom in all this is for the procedure of reaching agreement and reconciliation to achieve a synthesis of differing interests and to guarantee unity. There is no ideal unity, nor can there be any imposed unity either in the LC or in society either. Unity is built up through difference. To what point? To that degree that guarantees the normal functioning of the system and guarantees development and achievement of the essential political programs. I would be afraid of the kind of unity that was manifested in every meeting of the Central Committee ending in unanimity.

We have not been accustomed to differences of opinion, at every meeting of the Central Committee people are always worried about whether there will be any "squabbles." But in the time of Lenin the discussions in the Central Committee were bitter and loud, and amendments were made to every proposal. This was the normal state of affairs in that Central Committee, and the Bolshevik party which carried out the revolution. Difference was the natural state of affairs in the most difficult situation. I do not know why people should be horrified today about differences. The real question is whether we are unified concerning the essential programs of development? And I think that we are. We are disunited in our views of specific situations and specific issues. That is rather a difference than an ideological disunity.

DANAS: The League of Communists in Vojvodina certainly has many problems in common, but probably also some problems which are specifically its own. What is special at this moment for Vojvodina Communists? What endeavors, what resistance?

Krunic: First of all, the League of Communists in the province has the responsibility to fight for a unified League of Communists of Yugoslavia. That is our main task. The specific characteristics of Vojvodina, especially in economic and social life, determine specific tasks as well and the specific problems we confront. We are burdened, I would put this in the first place, with the problem area of farm policy, more accurately, with the discrepancy between the Long-Range Economic Stabilization Program and current economic policy. We are confronted with responsibility for carrying out the established policy, with responsibility for our own development and for development of the entire community. Our concern is how in the future we can encourage

integrative processes in SR Serbia, how to build unity in the League of Communists of Serbia, and how to overcome the outstanding problems and differences.

DANAS: What is the economic situation in the province?

Krunic: It is bad, as indeed it is throughout the country. Business people everyday face difficulties in maintaining normal business operation. We have the highest losses in the country for the first 9 months, a grave lack of money, and very pronounced social problems. The actual situation is such that Vojvodina alone has market surpluses of farm products. That specific feature raises the question: How do we avoid being in a situation where we are one against seven, so that our problems are also the problems of everyone, of the entire community? Declarative commitments are one thing, but often current policy is something else. Food production is not more important than the production of electricity, coal, steel, and so on, but things are perceived differently in front of the baker's and the dairy. It is not a time for panic, but the situation is not great. We must pay particular attention to solving problems of social welfare, which often have an interethnic dimension, especially in the sphere of the social standard of living.

A greater reliance on our own resources is possible in agriculture and food production. But our policy meanders, sometimes like a bedbug looking for a host. At this point it is unsuitable to meditate on everything that could be achieved in agricultural production, especially unsuitable in a situation when farmers are avoiding investment and when parities are being violated, when people are selling off facilities and machinery. What would it mean to our republic and indeed even to the entire country to get 50,000-60,000 hectares of fertile plowland? Everyone would break out in song. But when investments are offered in irrigation, that is, self-management concentration of resources for those purposes in order to get that land, then--silence.

DANAS: The way relations and ties are established with SR Serbia is important (and specific) for Vojvodina as a whole and for its LC. How do you evaluate current practice, especially in view of the problems and disagreements which have arisen in recent years?

Krunic: Relations in SR Serbia have been an inevitable topic over the last 7 or 8 years. During that period there have barely been a few lulls, for years there were meetings of working groups, commissions, political executive bodies, and plenary bodies in the republic and province. Relations are complicated, but not such that they cannot be worked out. We have achieved indisputable results, above all in normative regulation of relations in the republic, in economic integration, but also in solving other problems. Yet differences have remained, as in fact is taken note of in the Views of the Presidium of the LCY Central Committee, of which we can say that they are large ones, that they have to do with political ideology, that they concern above all the concept of the constitutional status of the republic and provinces, and the relations between them.

DANAS: To what extent have the views of the Presidium of the LCY Central Committee on achievement of community in SR Serbia and in the Serbian LC overcome the problems and disagreements that have existed up to now?

Krunic: Views cannot overcome anything, even when they are good ones, unless there is an effort and communist responsibility for carrying them out consistently. That document is analytical, it is complete, and, very important, it was unanimously adopted, it makes us responsible as we have rarely been in the political practice of the LCY, it imposes on members, bodies, and organizations of the LC the obligation to make a direct effort to carry out those views, but also to oppose all those who behave contrary to them, contrary to the constitution, and contrary to the LCY Bylaws. That kind of behavior is referred to as factionalism, there is nothing else I would call it, and we must not deviate from those assessments and consequences. Any slacking in carrying out those views encourages a return to the past, every obstruction paralyzes construction of the unity of action in the Serbian LC. The obstruction may arise out of a conviction that nothing should be changed in relations, but it could also arise out of ignoring the views on the grounds that no one has the right to interfere with what we are doing.... I am afraid of all of that. I therefore emphasize: the responsibility of the leadership and of every individual in it is extremely great, and the bodies of leadership must openly and resolutely reject various advisers on the side whose origins are separatistic and centralistic.

DANAS: Are there problems in relations between the Vojvodina LC and the Serbian LC from the standpoint of the party bylaws, especially the methods of democratic centralism? Is there anything here that should be changed?

Krunic: The discussion is under way concerning the ideological foundations for changing the bylaws, and it is difficult to say what the outcome will be. In my opinion, the changes should be preceded by a serious analysis of practice and a criticism of that practice. We should answer the question of how to achieve unity in the specific struggle for socialist self-management, for the integration of associated labor on the basis of self-management, or, to be specific, in the struggle against nationalism and other adverse tendencies and counterrevolutionary phenomena. What hinders achievement of unity of action against oppositionist activity? We should not be hasty with our answers, especially in passing the buck. We should give a good bit of thought and should be self-critical, so that we arrive at an assessment of the causes of why there have been differences for years in the League of Communists, "when one zigs, the other is zagging...." Unity is built up through effort, through reaching agreement, and through action. Now and in the future it is fatefully important for us to strengthen unity on the basis of the decisions of the League of Communists of Yugoslavia and its official bodies.

DANAS: Much has been said, recently in particular, about the inroads of statism, and in that context some misunderstandings in Yugoslavia and also in SR Serbia (relations with the provinces) have come down to conflicts between statisms. Do you think that this explains the whole problem, or only part of it?

Krunic: The conflict between statism and self-management is a historical inevitability. The course that that conflict takes depends on many factors, subjective factors above all. The objective preconditions favor socialist self-management; many phenomena and circumstances have been encouraging a

strengthening of statism. As for statism in the provinces, it has the same routes and the same face as in the other communities. Nor is there any dispute at all that the strengthening of statism figures as a factor contributing to aggravation of conflicts even between the republic and the provinces, above all in the conception of government functions in both the republic and province, concerning planning and expanded reproduction, and so on. I consider the question of which should be favored, the government or self-management, to be unsuitable. The only choice is self-management, both for Yugoslavia and for all its parts. This is an essential class question, it is the question over which the changes of direction, the turnabouts, and the changes must take place.

It is also extremely important that in SR Serbia we are shifting the emphasis to strengthening the processes of the self-management integration of associated labor and of the republic as a whole. In fact it was this that seemed the most important to me in the discussions in 1981. Of course, we dare not underestimate [original reads "accentuate"] the government and its functions either, but the government cannot have preference over self-management.

DANAS: After the lengthy discussions and polemics, which often have been very fiery, the public was recently presented a critical analysis of the functioning of the political system, whose main argument is that changes are urgently necessary in the political system, but not changes in the system, that is, changes in its foundations. Do you think that we have a good point of departure for changes?

Krunic: The fiery polemics did not arise over the need for changes in the political system, but over the undefined and sometimes even dubious ideas about changing certain fundamental definitions in the constitutional system (associated labor, the delegate system, the position of the republics and provinces, the character of the Federation, and so on). Ideas have been launched in public which not only differ concerning the pathways of the future development of socialist self-management and the institutions of the political system, but also certain ideas which were destructive and I would say shattering. That is the first thing, and the second thing is that our discussion in the League of Communists and in society over the past year has shown a high degree of dissatisfaction with the situation in the country and with the effort being made by the competent authorities. On the occasion of the discussions concerning the political system the public has received ideas which were "half-baked," individual opinions from various groups, scientific discussions when they occurred, and assessments and efforts which could not withstand serious criticism. All of this went by as though it were posted up on the bulletin board. When we add that the disposition in a segment of the press has been explicitly manifested in demands and views which come down to changing everything, we arrive at the reasons for dissatisfaction in a segment of the public (including the party public) with the document of the Federal Social Council.

DANAS: Many people say that the critical analysis is the maximum possible. Do you agree?

Krunic: Perhaps not. Probably not. I myself have thought about whether we have the best institutional solutions concerning the integration of associated labor, the integration of Yugoslavia, whether we are encouraging estimates of the free exchange of labor in the right way, whether our political organization is not anachronistic and sluggish, at least in certain aspects. But we must always bear in mind that not a single constitution is applied exactly as it stands and that socialist self-management in our country can neither be projected nor defended with norms. In my opinion the critical analysis should trace the pathway of revolutionary continuity, should start with the constitutional principles as our programmatic commitment. That is why simplifications in the style of "Who is in favor of the status quo and who is in favor of change?" are ignorant and tendentious. On the bourgeois right they would like to accuse us of being dogmatists and hostile toward any idea of changes, which is probably why they give a pat on the back to anyone that seems liberal to them. I therefore think that on the question of the political system the essential thing is a critical reassessment in the sense of going back to the sources of the revolution and correcting the trajectory so that it guarantees continuity and emphasizes socialist self-management. The revolution continues in the changes that pull us forward toward consolidating the power of the working class, and they are thus the best defense of its achievements. It is not advisable for us to get excited whenever we encounter the ideas of others. When anything can be written, then there is no need to sound the alarm every time.

DANAS: Could you clarify still more concretely and definitely which changes cannot "be thought of"?

Krunic: First of all, no changes can pass which are not the result of intelligent critical analysis of the functioning of the system and which do not arise out of a need to improve practice and the system itself. We have to be categorical in preserving all the principles of the constitutional system which guarantee the position of the worker and the working people in associated labor, the delegate system, the equality of the nationalities and ethnic minorities, the constitutional system of the republics and provinces, and the character of our Federation. Of course, the foundations of nationwide defense in Yugoslavia's foreign policy cannot be altered either.

Adjustments are possible everywhere, but adjustments which pursue the line of the constitutional position and responsibility already given. Our system is like a chain; you cannot take out any link you like, the entire chain will fall apart. It is not possible, for example, to alter the constitutional status of the provinces without altering the constitutional character of the Federation as well.

DANAS: Do you think that there is no need whatsoever to change anything in the constitutional status of the province and its relations toward the Republic of Serbia and the Federation?

Krunic: The views of the Presidium of the LCY Central Committee on relations in the Republic of Serbia, which the Central Committee has also verified, take as their point of departure the established constitutional position of the

republic as a state and as a complex community, and the province is taken as a part of the Republic of Serbia and a constituent element of the Federation. So, on the essential thing concerning the constitutional status of the provinces, we have not done anything else so far in the LCY than to confirm the constitutional definition, which is, of course, the only one possible, the only correct one. So no issue has been raised of altering the constitutional status either in the republic or in the provinces.

DANAS: Ought something to be changed in connection with the institution of consensus?

Krunic: It seems to me that the matter is clear. I really don't see very much in the idea of getting away from consensus, of consensus as the cause of all our evils. I do not believe in that. First, consensus is inherent in the system of the Federation as we have built it, in the organization of the Federation, and in the responsibility of the republics and provinces within it. Accordingly, consensus has to be retained in that minimum that is set forth in the constitution. But everything beyond that, everything that is proven to be bad, everything that hampers and holds back the achievement of agreement, everything that profanes the system of the Federation, must be abandoned and replaced by a more effective mechanism for agreement and decisionmaking. That is clear. But we have to go from case to case, and not to take a position in principle for or against consensus. Incidentally, much of that in our country lies in the domain of the political culture that a complicated multinational and self-management community must build!

DANAS: The temperature is rising a few months in advance of the elections, should the slates be open or closed, should there be dismissals or changes, should the term of office be restricted or unrestricted, how do you look on the elections?

Krunic: As I see it, there is a threat that the discussions will come down to the narrow point of having more candidates than the number of places to be filled, as though this were all and the most important thing. Staffs are being broken over this, and it could be that the essential issues of personnel policy and the electoral system could remain in the shadows: Why not make the criteria stricter in the nomination proceedings, why not conduct a policy in the nomination proceedings of selecting several candidates for each position, and so on? It is not the same thing to place on the ballot more than one nominee for the LCY Central Committee from the LC's of the republics and provinces and to have more than one candidate for the president of an opstina, for the executive council of a republic or province or a workers' council. A single necessary political commitment must be differently applied in different situations and to different bodies. To have three candidates for president of an opstina assembly or a broader sociopolitical community is more convincing than to have more than one candidate from the League of Communists of one republic for the Congress of the LCY. The point lies in the essence--that having more candidates guarantees an election which in and of itself is a responsible act, it guarantees qualified decisionmaking, not just a form--so that the delegate from the League of Communists of Vojvodina at the congress chooses

between twice as many candidates from the League of Communists of Slovenia. That ought to be done by the party members in Slovenia. Perhaps the example is not convincing, but in any case let us not bow to the form until we win the fight so that a climate of democratic elections, that is, of choosing, comes to prevail throughout the entire election campaign, which takes several months.

DANAS: There is no question that nationalism is on the rise in our country, that it is not just a question of outbursts, but of a deeper disturbance in society and indeed also in interethnic relations. How do you look on this phenomenon? Are you surprised?

Krunic: I am not surprised by the growth of nationalism. Certain circumstances have come about which have been "feeding" that phenomenon. It seems to me important, first of all, that we achieve unity of action in the League of Communists of Yugoslavia and full synchronization in the activities of the bodies and members in the fight against nationalism. Right now that unity is mostly at the level of an abstraction. And then the opposition to nationalism should always be a public political act, in the Socialist Alliance, in the youth organization, in the trade unions, in the Veterans' Federation, etc. Finally, we should nip the manifestations of nationalism in the bud whenever that is in our power.

As for unity of action of the League of Communists of Yugoslavia, it has been rather hampered by opportunism and sometimes even by playing the coquet with the nationalists. Insensitivity to nationalism and opportunistic behavior cause the greatest damage; that is what people reproach us most for. You see, now the nationalists are telling us that this society is disintegrating because of threadbare morals and a disintegration of the system of values, and they are, of course, making direct attacks upon the League of Communists and constitutional principles, the revolution, the history of the LCY and Tito. And all the while in our specific political action we go on elaborating about nationalism at sporting events, in the breaking of store windows, and sometimes even in a general attack on some book. As though we did not dare to confront nationalism, which is spreading more and more through classrooms, through bookshop windows, which is seizing upon a segment of young people and the general public, and sometimes even prestigious veterans of the National Liberation War. Does it not seem that nationalistic phenomena are becoming something commonplace, something everyday in our social climate. It is for all those reasons that I think it is important in the League of Communists for us to fiercely debate and discuss what our attitude must be toward nationalistic phenomena and how we should guarantee unity of action. Some people still perceive nationalism as a greater or smaller number of incidents. It would not be an exaggeration for us to say that we are dealing with a menacing growth of a retrograde consciousness. The matter is all the more serious when we bear in mind that the social difficulties over several years are actually becoming a good "conductor" of nationalistic consciousness, and when we know that individuals and groups are establishing ties with counterrevolutionary centers abroad. None of that is either harmless or naive.

DANAS: About 2 years ago you warned that there was a danger of an oppositionist ideological bloc forming. Do you think that time has refuted or confirmed your warnings?

Krunic: I said at the time, as far as I remember, that the essential thing was not whether the oppositionists or nationalists hold a congress, but for us to understand that they are organized. It is evident today that we are dealing with an organized "society"; the oppositionist front has taken shape, whether in the struggle for what are called freedoms by signatures and petitions (according to them, we are an unfree society, while they freely write petitions) in defense of writings and books which have been criticized, or through attacks on our system, on the National Liberation Struggle, on the League of Communists, on Tito.... Time has also been confirming something else--that the links of the nationalists with certain points abroad, with pro-fascist and anticommunist movements and organizations either of the Yugoslav emigre community or certain other forces that show a particular interest in our country and which are working to break up Yugoslavia's unity is spreading. We face a need for a public showdown with the nationalists. In the final analysis it is not only the Irredenta that is counterrevolutionary, Great Serb nationalism is also counterrevolutionary, the revival of Ustashism is also counterrevolutionary, every advocacy of separatism is counterrevolutionary, the arguments about the "stinking southerners," which we have had occasion to read in certain nationalistic writings in Slovenia, are counterrevolutionary.... It is therefore indispensable to intensify the political action in the fight against nationalism, since it cannot be reduced merely to the activity of government agencies. If something is a crime, it must be treated as a crime. But it is unprofitable unless we wage a broad social and political drive to rid ourselves of nationalistic consciousness, to clarify its causes. It bothers me that we sometimes exhaust ourselves in debates about certain books, but we do nothing to expose the underpinnings of nationalism. That is the greatest fault of the League of Communists in this situation.

DANAS: The fight against nationalism and all other negative "isms" does not relieve us of the obligation of having a positive program for the construction and strengthening of democratic relations in society and for broadening the space of freedom?

Krunic: On the contrary. It has been proven that the revolution is best defended with positive programs for development, and that means with a steady widening of democratic life and human freedoms. Our society has no complex whatsoever, we have achieved enviable freedoms and an enviable democratic activity on the part of people, a high degree of opportunity for creativity in culture, art, and elsewhere. But if we are to make it possible for that constructive course of our revolution to develop in the future, we have to be more vigorous than up to now in combating what hinders it, what would like to hold it back and turn it in another direction. It seems to me that the hostile and oppositionist forces have become bolder and stronger, that the Devil has had the last laugh, and that we need to act more vigorously on both tracks: to continue strengthening our positive democratic program, but at the same time to frustrate the negative forces from carrying out their program. We cannot act out of the Christian belief that we will put the nationalistic forces in a good disposition through compassion. Nationalism is counterrevolutionary in its very being, and we should have a showdown with it on the ideological front, the political front and the administrative front.

DANAS: There exist certain differences in the use of measures against hostile statements and gestures and in the description of such acts, and some draw the conclusion from this that some communities are liberal, since in them there is no obstacle to publishing any article or book, while others are dogmatic and restrictive, since they prevent or indeed even punish this.

Krunic: The division of Yugoslavia into conservative and liberal parts, the division of bodies of leadership and of individual leaders on that basis, is part of the strategy to shatter Yugoslavia and split it apart on an ethnic basis. There is no basis for this, those are artificial divisions. In my opinion something else is involved. The fact must be acknowledged that in unified Yugoslavia there are differing situations, differing communities, differing levels of sensitivity and tolerance, differing conditions of social and political life, a differing democratic tradition, differing religious convictions, and so on. But never has there been such difference that we would have a policy that would be confronted in its essential terms. Specific features do exist. We in Vojvodina, for example, must acknowledge that the situation in Slovenia is different than it is with us, and we cannot impose our own conception and our own practice of political life there. And the other way about.

DANAS: Certain arguments have been advanced, you certainly have noticed it yourself, concerning interethnic relations which hold that the parent nationalities should be concerned about the detached parts of the same nationality, about the nationality as a whole. In the configuration of our own ethnic relations, what might be the practical and political consequences of such a thesis?

Krunic: Very harmful both in the country and in relations with other states. They play right into the hand of the nationalistic concern for its own herd in all parts of the country. I think that such arguments are reactionary. When people advocate something like this even with good intentions, such views are dangerous, they are contrary to our conception of interethnic relations, they are contrary to our programmatic commitment. We have had an abundant and very ugly experience with that kind of soul-saving about the nationality. Our historical memory and people's awareness are such that these theses do not really have much support, and they have no opportunity whatsoever to impose themselves as the prevailing view. It should be repeated for the umpteenth time that the equality of the nationalities and ethnic minorities in every republic and province is guaranteed by the constitution. If a right of patronage were recognized for any ethnic group, it would result in chaos. And that chaos must lead toward nationalism and ultimately toward the centralistic model of equality in a command system.

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CSO: 2800/119

## DEBATE ON CHANGING LCY STATUTE

Zagreb DANAS in Serbo-Croatian 26 Nov 85 pp 9-12

[Article by Jelena Lovric: "Hitting Water With a Sword"]

[Text] The 20th LCY Congress, almost 3 years ago, decided to draft a "new text for the LCY Statute," which would be "shorter, clearer, and more concise." The demands for specific types of changes were intensified by the partywide discussion, which above all emphasized unity and responsibility, which especially applied to the leadership. In the meantime, there have been demands for the adoption of a uniform LCY Statute without separate party statutes for the republics and provinces, for the introduction of the name "the LCY in the socialist republics and provinces," and for confirmation of the republic and provincial statutes by the LCY Central Committee; there were arguments over whether communists are first of all members of the LCY or first of all members of their party organizations in the republics and provinces. In short, all of the differences that in any case exist in our society, and which, in a very simplified manner, could be reduced to the dilemma of whether there should be more authority in the republic or at the central level, were also manifested in the discussions about the party statute.

Although there were by no means isolated views that it is in the present statutory provisions that one should seek, if not the source, certainly the driving force behind the federalist tendencies in the party, and in the method of the selection of the leadership and in the organization of its work, the generator of the crisis; thus with time it became clearer that the statute should be changed -- there was no unity on how or to what extent -- nevertheless, whether for the sake of rationality or because of a self-critical examination of their own capabilities, a determination increasingly prevailed within the party leadership that the demand of the 20th Congress should be satisfied by adapting the present wording of the statute.

Significant differences were also expressed at the last meeting of the LCY Central Committee, in a 12-hour discussion in which 25 members of that high party forum participated, and since the Central Committee does not follow the practice of voting on dilemmas, and instead those who prepare its meetings try to reach an agreement during the "preliminary procedure," the formulation of the proposed changes to the statute was postponed until the next meeting.

It is difficult to say whether the Central Committee, in conducting this discussion primarily about changes in the organization of the leadership, showed merely that it respected the criticism in the partywide discussion, which clearly indicated that the major problems were concentrated in the leadership, or whether it showed merely the extent to which its members had a lively and vital interest in this topic. Whatever the case, it was proposed -- as stated by Jure Bilic, one of the two opening speakers at this meeting -- that the present solutions be restricted to the organization of the leadership of the LCY, but that very significant additions and new elements be planned. As in the past, the republic congresses and provincial conferences would elect candidates or members of the LCY Central Committee, but in such a way that as a rule there would be several candidates on the list, and they would be elected by secret ballot; this would also apply to all of the lower party bodies. A set number of candidates elected at the republic congresses and provincial conferences would come to the congress, and the congress would elect them by secret ballot. This proposal was favored, although an alternative was also presented -- that the list would only be approved by an open vote at the LCY Congress. Those who advocate this second solution justify it by the need to ensure a certain national, social, and age structure, but it seems, however, that there is above all a fear that there could be obstruction in regard to some candidacies because of "our real relations in the leaderships." As Nijaz Dizdarevic said, however, "It is good that the Presidium backed the commission's proposal that the LCY Central Committee be elected at the congress, although there is very strong reluctance and resistance among some of the leadership. This also corresponds to the general attitude among the LCY membership, and also has great significance for the practice of democratic centralism, since the actions of this Central Committee, from its first meeting, have shown how much the present method of selecting the LCY Central Committee contributed to the federalization of the LCY, and even contributed to the trampling of the statutory provisions concerning the LCY Central Committee and its jurisdiction, both in the election of its executive body and concerning issues related to the responsibility of LCY Central Committee members to the Central Committee and the congress."

A significant innovation has also been proposed for the precandidacy procedure: conducting a discussion about each candidate before the congress, in all republic and provincial organizations, in the YNA [Yugoslav National Army] organization, and in the LCY Central Committee. Criticisms of individual candidates are to be conveyed to the organizations that proposed them. Bilic notes that with this procedure, various incidents and unprincipled occurrences can be exposed. Such risks have to be taken, however; they go hand in hand with the democratization of the election procedure, and are less dangerous than the certainty of having everything determined in advance from one place, which admittedly eliminates surprise, but on the other hand entails much more serious risks, which are more than well known from everyday experience.

Although in the past dissatisfaction has been expressed on several occasions at meetings of the Central Committee with the work of the Presidium of the LCY Central Committee, and this exploded at one time in the statement that as the Presidium prepares for Central Committee meetings, the party administration

can do the same, no major changes are planned for this leadership of leaderships. The Presidium would remain a political-executive body.

Different proposals were also voiced at the meeting. They were presented most comprehensively by Dusan Dragosavac, who feels that all party members have a right to propose candidates for all leaderships, regardless of who is from what region, and that all elected members of the committee should be candidates for every office, including the office of president of the Central Committee. Dragosavac proposed that the Central Committee elect the president by secret ballot from among several candidates, but that they first be discussed by the Central Committee, and that the Central Committee elect its executive body. Dragosavac proposes an executive committee that would have 15 members, and elect its secretary for 2 years. These proposals met with a considerable response at the meeting itself, and the kind of future they will have remains to be seen.

An LCY Central Committee elected in a different manner would be associated with a different interrelationship of the republic and provincial party functions and the party leadership at the highest level, whose place on the hierarchical ladder so far has not corresponded to its actual influence. The emphasis on democratic centralism as a universally binding principle in the party, and not a principle that loses its effectiveness at republic and provincial borders, has reaffirmed the right of the LCY Central Committee and its Presidium to exercise influence and raise any issue, with any leadership, when it does not implement congress decisions and the decisions of the Central Committee. It is proposed, as an innovation, that the LCY Central Committee should have the right and responsibility of putting forward an initiative for convening an extraordinary congress in any republic, in addition to provincial conferences or conferences of the LCY organization in the YNA.

There is no doubt that a time of crisis, a time of loss of faith in the party, a time of seriously disrupted relationships, is also a time in which the importance of the leadership, which is great in any case, is growing; it seems that the proponents of the statute changes had this in mind when they put the main emphasis of these changes on the leaderships. In this connection, however, it seems that it was forgotten that the leadership can only perform its functions with the wholehearted support of the membership, and this undoubtedly requires a change in their position. Although the opening speech talked about the great role of the members of the LC and the basic organizations, and about the need for the membership to exert democratic and creative pressure on the leaderships, no changes of any significance are planned for them, except that new positions on the organization of the party in associated labor were presented. Although as early as the 9th Congress, the general statutory provisions proclaimed that each member of the LC is one of the basic party policymakers, a significant gap remained between this proclaimed position and the actual state of affairs. Thus, for example, one interesting analysis claims that the statute insists more upon the executive position of the membership than their policymaking one; that the provisions concerning the rights of the members have been almost completely lost because they appear first in the general principles, and then in the provisions concerning democratic centralism, so that it is difficult to find them in the statutory scheme and then make use of them; and that the provisions concerning

the duties of the members primarily emphasize disciplined and consistent implementation of the conclusions of LC forums and bodies.

Unless the position of the party membership is different, there can be no change in its behavior; on this occasion, this did not, one might say, penetrate the awareness of those who created the statutory changes. If there really is a desire to change the existing situation, then changes are inevitable at this lower level as well, since, as Nijaz Dizdarevic says, the proposed changes will remain a swordthrust against the water unless they constitute a step toward greater efforts to reorganize and democratize the LCY, which should be announced by the 13th Congress.

Perhaps it is not advisable to reach a conclusion on the basis of one example, but the extent to which people favor changes is illustrated very vividly by the following fact: it was proposed that the term of the members of the Presidium of the LCY Central Committee last for 4 years, with the possibility of being renewed once, and in exceptional cases, with a special procedure, of lasting for another 4 years; in effect, this would mean that the term of a member of the Presidium of the LCY Central Committee could continue without interruption for 12 years. This proposal, which was not explained sufficiently or with any background, and which contradicts the basic decisions concerning cadre policy, met with significant challenges at the meeting, but also some interesting support. It will be interesting to see what its future fate will be. Perhaps this can be tied to Dragosavac's words that "in the confused ideological situation, cadre games have begun in some closed circles over whom to propose for president or secretary in the LC leaderships, including the LCY Central Committee, as well as for the presidents of other organizations. Some people think that this is the main thing," Dragosavac says, "and people do not see that this is a way of excluding the congress and the Central Committee from resolving cadre issues." This is not happening for the first time, but the consequences will not be what they were in previous elections; instead, as Milos Minic says, they will be "overwhelming and longterm".

It is still too early to talk about what the final proposed changes to the LCY Statute will look like, and especially about what will remain after all of the discussions. One could conclude, however, that the present proposals, in view of both what they contain and what they lack -- although they are partially consistent with the demands from the party discussion -- are perhaps more a sign that the time of the elections is coming closer. Their quality will be judged by whether they are an adequate response to the demands of party practice.

[Boxed article: Interview with Vladimir Goati of the Institute of Social Sciences in Belgrade, by Jelena Lovric: "Pyramid of Influence Reversed"]

In preparing a book for which he received the NIN prize, Vladimir Goati of the Institute of Social Sciences in Belgrade reviewed and studied the statutes of more or less all the workers' parties. We asked him to give us his view, on the basis of this information, of whether the LCY Statute was a source of federalist tendencies, and to comment on the proposed statutory changes.

[Answer] There are stereotypes which make out communist parties to be extremely rigid, and social democratic ones -- with respect to the relationship between the higher and lower bodies -- to lack rigid hierarchical rules. This is not true, however, since in these parties the rights of the higher bodies with respect to the lower as well as the obligations of the lower with respect to the higher are very precisely formulated. In some cases the executive-political bodies at the national level have the right to nominate the members of the lower forums, which means that the power in cadre policy is concentrated at the top. In regard to communist parties, the principle of democratic centralism is applied in such a way that there are almost no antagonisms between the higher and lower bodies, since the rights of the higher are so great that there are no incidents of disobedience, or at least these do not last long. I think that our statute speaks fairly clearly about the relations of the higher and lower bodies, but the problem for us is not in the statute, but in the actual balance of power.

[Question] Does this mean that the statute should not be changed?

[Answer] The statute is a very important document, but with the same statute the actual relations may be quite different. Although, for instance, the statute defines the obligations of the lower bodies to follow the higher, if the latter do not have any influence in the cadre or financial areas, this may remain an empty declaration.

[Question] Are these relationships of subordination and dominance clearly defined in our statute?

[Answer] Naturally, the statute could be written more cleanly and clearly, but as far as the declarations are concerned I do not think that anything in particular should be changed. The problem -- which has major consequences -- is in the election of federal officials, the authority of the congress, and the ability of the subordinate parts -- the republics and provinces -- to elect their own candidates, actually the members of the highest party leadership, quite independently. I do not know of any other case in the workers' movement in which the parts have so much autonomy. Admittedly, something similar existed in the Belgian Socialist Party, but it ceased to exist as a united organization, and split into two parties. The new proposal that in the future the congress should elect the members of the Central Committee is quite appropriate: it will make it possible to elect people who have proved themselves throughout all of Yugoslavia, and it will prevent the election of those who achieved some authority for themselves solely by defending some narrow regional, republic, or provincial interest. It seems to me more and more that it is not just a party problem but also a political and social one for Yugoslavia that Yugoslav problems are dealt with by a group of federal institutions that do not have enough authority to solve them. And on the other hand, power is concentrated in the parts, which cannot make decisions for the whole.

[Question] That is probably true in regard to the interrelationship of the federal and republic bodies. But the republic level has a very strong

influence upon the lower levels, and I think that in this respect your view does not apply.

[Answer] Monolithism really does exist in the republics, although Serbia, with its provinces, is in a unique position. These tendencies toward not only federalization but actually a confederalization of the LC indicate where the power is concentrated. This happened to us because we constructed our principles in accordance with exceptions, as if everyone elected to offices had the same motives, as if they were all ready to sacrifice themselves for their convictions. I am not saying that there are no such people; but if the members of the Central Committee are selected in the republics, virtually as delegates of the republic, and if it can remove them whenever it wants -- then it is quite reasonable that people who are professionally engaged in politics are oriented toward the locus of power on which their career depends. In a conflict between the obligations of an LCY Central Committee member, and his loyalty to his electoral base -- the republic aktiv that selects him -- it is not difficult to guess which will prevail. I think that electing the LCY Central Committee at the congress will change a great deal. Perhaps this is too optimistic, but in the political sphere, any change in the method of selecting cadres, even an apparently trivial one, may be of major significance.

[Question] Don't you think that most of the proposed changes to the statute are limited to the selection of the leadership, moreover at the highest level? Perhaps the proposal that the congress elect the committee might result in having those who have more feeling for cooperation elected, but is that enough? If nothing else changes, if the changes in the electoral system do not begin with the membership, if there is no change in the election of the delegates to the congress, then what is at least equally important at this time -- giving the membership greater influence upon the selection of their leadership -- will not be achieved. This was clearly ignored in all of these changes.

[Answer] We owe a great debt to the international workers' movement; the LC, which advocated direct democracy before everything and before everyone, and even built the political system on the basis of the vision of a fully realized direct democracy, is now lagging behind others. Many parties which looked to us before and for which the LCY was in a way a torchbearer, have adopted some direct democratic measures and concepts that the LC does not yet practice. Some social democratic parties have direct elections. The most recent example is the Social Democratic Party of Great Britain, which was formed by splitting off from the Labor Party; it elects its president through a direct election. Some other parties, in certain situations and in regard to major problems, permit direct referendums, whose results are binding on the leadership.

In Yugoslavia, there has been a long-running discussion about national economies, and they have even been realized in practice, without the LC discussing this in an organized manner. The statute should institutionalize a party referendum, or at least a public discussion of major issues, such as seeking a way out of the crisis, the Long-Term Stabilization Program, or significant changes in the organization of the party, like the present one concerning election to the LCY Central Committee, and issues that affect

subsistence, that determine the prospects and the future, that determine things in the long run. Today there are no more difficulties at all in finding out the views of all communists relatively very quickly, at little cost. After all, we are prepared for major rituals that cost millions of dinars, but the party is still not considering direct forms of democracy within its ranks. But the encouragement of direct democracy in society, which after all we are advocating, requires that the party itself change something in this regard.

[Question] The proposed statutory changes request that the LCY Central Committee be a "place for political coordination of the bodies of the federation, and for practical and operational reasons, that the Central Committee authorize the Presidium to conduct the necessary political coordination. We think that in this way we will transfer the functions that the LCY president had in this regard to the Central Committee." Some people view this as returning the party to its position before the 6th Congress, to the open acknowledgement that the LC will act as a ruling party.

[Answer] It is difficult to say what this means. This measure is probably inspired by the need to strengthen the authority of the Central Committee and its Presidium. The question is how political coordination is achieved. The statutes otherwise use the term supervision of work, which is a milder formulation, but it is the least that a unified political organization must achieve if it wants to remain united. If no one does this -- then what happens is what we have now. Any system, whether it is political, economic, or something else, must find a way to make unified central decisions, and the way in which this is done -- democratic or nondemocratic -- can be discussed. The Presidium may be responsible to no one, and merely select itself, but if we are talking about a presidency that is democratically elected, which can be democratically recalled, which renders an accounting to the Central Committee, while the latter keeps the membership informed on a continuing basis -- then this could by no means be an anachronism, a return to the old way; instead, it is a normal function that someone in the LC must perform.

[Question] In the discussions about statutory changes, there were a considerable number of demands that the provisions concerning responsibility be made more specific.

[Answer] This is not just a problem of the LC, but a major issue in the social system. Wherever you go, there is a lack of responsibility. I have a fairly simplified explanation of this that is partially applicable to the LC: an enormous discrepancy exists between real power and the nominally designated authorities. When someone who should nominally make decisions does not do so, since everything has already been decided in advance in the circles of those who have the real power, even though they nominally do not have the right to make decisions -- then responsibility is not possible. Therefore, the first prerequisite for the existence of responsibility is that those who are supposed to make the decisions really do make the decisions. The political process has to be transparent; the adoption of social decisions cannot be obscured by gray areas in which this is done by telephone and because of which one does not know who decided what. This is a problem of responsibility that cannot be solved just by changing some statutory regulations.

[Question] Does the existence of gray areas benefit someone?

[Answer] Power always strives to be irresponsible, and the entire problem of democracy consists of making it visible and responsible, since if we cannot abolish politics -- which was the strategic goal -- we can at least make sure that political processes are dealt with responsibly. The dreams of abolishing politics, as an alienated sphere, faded away a long time ago, in our country as well, and so the democratization of political decisionmaking is the most that we can accomplish. In this regard, the planned statutory changes, primarily those concerning the election of the LCY Central Committee, secret ballots, and multiple candidates, may be the first step. I hope that this will be a snowball that will bring an avalanche of other significant changes after it.

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## COMMENT ON ELECTRONIC ENTERPRISE TACTICS

Budapest MAGYAR ELEKTRONIKA in Hungarian No 3, 1985 p 1

[Editorial by Bela Laczko: "There Never Was Such A Thing!"]

[Text] I am convinced that so far it has never happened that an enterprise made public and released for debate the basic concept for its 5-year development plan. I am also certain that great courage is needed to do so. This is especially true in the branch of industry in which the Microelectronics Enterprise (MEV) is active. We all know that our supply of parts is the neuralgic point of our entire electronics industry. The leaders of the MEV can count on it, that upon seeing the 5-year development plan of the enterprise the equipment manufacturers will make just one basic observation--that their parts supply problems are still not solved. The only question is, can a complete solution be expected from having created one enterprise, from the fact that a plant making integrated circuits begins production this year? The answer can only be an unambiguous "no." We cannot expect a single manufacturer to satisfy the active parts needs of Hungarian equipment designers when they cannot find everything they might need even in the catalogs of a Texas or a Fairchild. And the MEV is not yet Texas Instruments either.

Let us continue the question-answer game! What might have prompted the MEV leaders to talk openly about their plans? In my opinion there is basically one objective and one subjective factor:

--in the near future the participation of the MEV in the domestic supply of active parts will reach 40 percent, and the socialist import arriving in exchange for its export of circuits will improve domestic supply,

--the MEV leaders are sincere, striving for open cooperation with their users.

I should detail both statements. We know that the MEV was really a parts manufacturer only in the area of discrete devices; the Gyongyos plant assembled integrated circuits from imported elements (chips). Now the MOS and bipolar element manufacturing line going into operation by the end of the year with gradually increasing capacity (60,000 wafers per year in one shift) will bring a fundamental change. This does not mean that it will not be necessary to assemble from imported elements in the future. It will be necessary, but

our own element manufacture will help this too; it will be easier to get elements in the socialist relationship if we can pay for them with domestic types. Considerable finished IC import will remain as well. But this will help save foreign exchange and more money will remain for obtaining more modern parts at a higher technological level. A continual and vigorous modernization of the assortment of parts manufactured by the MEV, rejecting a longer term conservation of the status now developing, is an important question, which will become increasingly important. I am certain that if the users become acquainted with the developmental conception of the MEV they will understand the great significance of further development. Let us hope that the leaders of the units participating in decisionmaking will be of the same opinion and will support such a proposal with all their strength. From this viewpoint we are talking not simply about submitting an enterprise development plan to public opinion but rather about a debate of the microelectronics development program. As a start we are informing our readers about ideas submitted to the OMFB [National Technical Development Committee] in our Professional Policy columns. We await their observations.

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## On Our Cover

On our cover are new integrated circuits of the Microelectronics Enterprise (MEV). The MOS-bipolar element factory of the MEV is an investment of great significance for Hungarian microelectronics parts manufacture; it will produce at full capacity by the end of the year. It is hoped that this investment will greatly ease the situation of our parts supply. Even more hopeful is the picture which we can get of the plans of the MEV in our Professional Policy column. We can learn from the plans released for debate that by the end of the Seventh 5-Year Plan they would like to realize the 2 micron MOS (or CMOS) technology and bipolar technologies, such as the FAST technology, of similar resolution. Technological and type development will make possible the manufacture of LSI level catalog circuits and VLSI level equipment oriented circuits.

## Shop

In our Shop column we publish selections from the creative work of the Instrumentation and Metrology Faculty (MMT) of the Budapest Technical University. It was a lucky accident that just as we prepared our articles the leaders of the collective creating the MMT system received the State Prize. The authors' collective of the faculty provides a general overview of the MMT system in our column. Andras Szegi describes card testing and Karoly Toth describes image processing in the MMT system; the article by Janos Mate describes the HNS local computer network set up at the faculty.

## School Computer

Ferenc Toth, leading designer of the HT 1080Z school computer, appears again after a long time. In our first issue of 1984 he described the hardware construction of the machine; now he deals with a few software properties. Responding to the desires of many, he describes the subroutine call addresses needed for machine code programming and shows by examples the method of use.

## Equipment

In our Equipment column Jeno Palfalvi describes the basic properties of VHS system video recorders. The goal of the author is to help orient those interested in this area of video, already developing in Hungary as well, among the video recorders using different systems. Later he plans to deal in detail with the structure of VHS system video recorders and the circuit solutions.

## Further Training

After the basic series by Ferenc Beleznyay we begin to describe in more detail those semiconductor devices about which we have been able to read less in the Hungarian language professional literature. First Bela Laczko summarizes the basics of the operation of MOS transistors; later our readers will be able to get a picture about the operation of solar elements, semiconductor lasers and special GaAs devices.

The collective of the Microelectronics Research Institute of the KFKI [Central Physics Research Institute] begins a series in our Further Training column. Their goal is to inform those interested in CMOS based circuit design about designing CMOS ULA circuits. The material of the designing course will help thinking in terms of CMOS and will help user planning.

## Advertisements, Product Descriptions

Advertising not only adds color to our journal but also provides important information in an attractive form. Our product descriptions frequently supplement difficult to obtain catalog pages and prospectuses. For 5,000 forints per A/4 page we will publish (in black and white) data sheets providing technical specifications in our New Products column. This will provide product descriptions for our 7,500 readers.

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## TWO LEADERS INTERVIEWED ON MICROPROCESSOR SYSTEM

Budapest MAGYAR ELEKTRONIKA in Hungarian No 3, 1985 pp 4-8

[Interview with Bela Badi, director of the Electronics and Precision Engineering Factory of Medicor, and Pal Zillich, chief of the development main department of the Medicor Works.]

[Text] We read the news as we went to press. The people leading the development of the MMT [Instrumentation and Metrology Faculty] microprocessor applications technology system had received the State Prize--Laszlo Schnell and Janos Sztipanovics, Gabor Horvath and Endre Selenyi, instructors at the MMT, Budapest Technical University, and Bela Badi and Pal Zillich, leading workers at Medicor. Our Shop column is linked, accidentally but organically, to this developmental work; our readers can get a taste of it there. The articles in that column were written primarily by the young instructors who are working on the further development of the system. It indicates the growing recognition of the profession that another work group also won the State Prize for its area of electronics, and we hope to hear from them shortly. The editors of MAGYAR ELEKTRONIKA wish the State Prize winners and those continuing the work additional successes, strength and health.

## Interview With Bela Badi

[Question] I congratulate you for the State Prize; I am very happy for you. How does a factory director get on this team?

[Answer] Not as a factory director but as a technical expert. When I got onto this team, then still as chief of a technical main department, I recognized the possibilities in it, the technological possibilities for raising the products manufactured by us to a higher level by using the system.

[Question] And as I understand it the technological antecedents for this were here also.

[Answer] There was an antecedent, naturally. Earlier we had already set the goal at the factory of beginning manufacture of modular built devices. By technology I mean the technology of design, the technology of development, the technical preparation and the manufacture, and supervision and service. With this system one can think in functions, so one can start the technical

preparation and the manufacture from a much higher level. So if in production, at the time of assembly, one does not have to draw parts but rather a panel carrying an independent function, and one can build from this and manufacture economically in series, then there are many advantages to this. Earlier we had to pick and choose as many times as there were parts, and it followed from this, de facto, that each module was not really a module. They were not as interchangeable as they should have been. There were neither the manufacturing, supervisory or designing preconditions for this.

[Question] This was a very important thing, but a system like this poses different demands in testing and assembly too.

[Answer] Yes. It was very essential that the economic leadership of the enterprise--it is well known that Medicor has an innovative general staff--recognized the possibilities in this and were inclined to sacrifice considerable money for it. Medicor and the OMFB [National Technical Development Committee] provided the material background for the development as a stressed project. Going beyond this assets had to be found within the enterprise. More than 50 million forints had to be invested to provide the manufacturing background. This was a considerable sum in this investment poor period, and deciding on it was not easy. The enterprise decided, the investment took place, and the in-circuit and functional tester, the Del-Test type IC selector, arrived in the second half of 1984 and we put it into operation. Prior to this we had already obtained modern wave soldering equipment which is the most complete in Hungary, performing all operations from deoxidation to feron cleansing. We also obtained a modern repair stand and seating tables assisted with light control. Some of the necessary equipment could be purchased; part of it we developed and manufactured as special purpose tools. I am thinking of the tester developed by the Technical University or the burn and special purpose testers developed within the factory. These tied down intellectual capacity and money, but they were absolutely necessary for testing in the interest of manufacture.

[Question] Pal Zillich said that development of this system cost 100 million forints. Is the 50 million you mentioned in this?

[Answer] It is not in it. Tool acquisition takes place from the development column, it is not in it; more than 40 million forints in this 50 million is capitalist import acquisition. Products of Marconi or Fluke.

[Question] A great deal of intellectual investment was needed in addition to the financial investment, for one can realize such a new technology only with a professional staff which works better, is more clever and better trained.

[Answer] In the interest of this we detailed three workers with advanced degrees out of the existing staff for further training, we took on nine new people, mostly young experts, and we provided further training for the assembly-testing staff, primarily within the framework of scientific associations and with invited outside lecturers. In addition, we held a number of study courses for experts working in the area of technical preparation. So 30-35 people within the factory were dealing with introduction of this technology.

[Question] In your opinion, was work discipline or work morale equal to the higher requirements, or did something special have to be done for this too?

[Answer] There was certainly a need to form awareness. We tried to do this partly with further training and partly with material-moral incentive. It was very essential that people understanding the modern tools should be recognized for being able to work on this equipment. In this regard the question of quality reliability was especially important, so we test the part when it reaches the factory and we test it again after installation on an instrument kit or functional tester. The IC's are shocked before seating, shocked and selected.

[Question] Reviewing the entire development, what are you most proud of?

[Answer] That in such a short time we were able to prove that a new technology and a new attitude could be adopted in the provinces, and could bring tangible results.

[Question] Did manufacture become cheaper or more expensive, in absolute value and in relative value, after the development? A few months ago I read a summary about Japanese EKG manufacture, and it was my final conclusion that in its conceptual content the EKG system manufactured in Esztergom does not lag behind the EKG equipment offered by Japanese industry in any respect. And yet the Japanese are much stronger on the world market in this area also and I saw the reason for this in the fact that we probably produce much more expensively. Is this true?

[Answer] This raises many, complex problems. If I look at the cost-effectiveness of a product, when we have put the thing together from custom elements, it may be that less wages went into direct production, the throughput time was longer, but as a whole--if I look only at this--it may be more economical. But if I look at the entire process, how much time to develop it, how much time to get started on manufacture, when the money invested over a long time may pay off, then it is not so certain that this is true. The other side of the thing is that it is expensive, if we use the most valuable capacity, the developmental capacity, to design circuits or select parts. In this way there are as many panels as there are devices. It is well known what it costs to make an AUTER printed circuit panel in Hungary today, it costs half a million forints. There are 10 of these panels in each device. Making all these individually the cost is 5 million forints. Who paid attention to the cost-effectiveness of this? Nobody. We have always looked only at the direct expenditure in manufacture, we did not look at total expenditure. Now, when attitudes have changed, and the technical development cost will be "more expensive" too, I am certain that when I build a system out of building elements, when I put panels carrying independent functions into a system, the development will become system development. This will be paid back in time, in costs, and this is the only path to follow.

You had another question, the Japanese thing. In the Hungarian calculation method one hardly knows what we produce for how much. We get parts at an entirely different price than what a Japanese producing enterprise gets them for. They get to the factory with many layers added on. And another thing, we

have to order parts much sooner than they will be used, so the stockpile can be complete to start assembly. Well, it is well known that one pays interest on capital tied up. There the interest burdens the value of the parts for one week; here it may do so for 3 or 5 months. This also results in making things more expensive. In regard to live work expenditure there may not be much difference between the manufacture of a given product in Japan or in Hungary. The incidental costs are substantially higher in Hungary, and as long as we cannot make progress here there will be a problem.

Finally, from the viewpoint of prices, the difference derives inevitably from the difference between mass manufacture and a small series. If we could manufacture these devices in similar volume then, in my opinion, we would not be more expensive even under these circumstances.

[Question] And how are exports doing under these circumstances? Let us take one family of devices, let us say the EKG family, because we were talking about it.

[Answer] Our EKG sets--I can say with assurance--can be found in every corner of the world. We can sell them in the United States, talks are taking place now. We may not sell them in large numbers, maybe we can sell 300-400 per year. We have sold them to Thailand and in Africa, we have sold them in Western Europe. It is true, not in large numbers. We have not yet sufficiently learned fast reaction to individual market needs, fast satisfaction of occasional needs, and we are still slow in fast market introductions, in getting on a market.

[Question] And does not the possibility of satisfying custom needs decrease with such a module system?

[Answer] It does decrease. The difficulty, however, is that due to the restricted financial possibilities there is no manufacture for the warehouse. The volume of material and unfinished or semifinished products must be kept at a relatively low level, because the financial burdens make it necessary. Now, when we prepare the annual plan it includes units for an hypothetical market demand. If there is demand above that then there is a special problem how to acquire these parts in 3 or 4 or 5 months. And in general we have bigger problems with domestic parts supply than with capitalist import. I might mention the Microelectronics Enterprise here, which makes the special purpose circuits, or I might mention Remix, about which it is well known that it can hardly satisfy domestic demand. Return verification takes one to one and a half years. With this there is no possibility for flexible accommodation to the market in the short term. So the enterprises are forced to maintain an unjustified warehouse reserve at their own risk in order not to drop out of the market in the event of demand. Money, money, money.... This is what makes manufacture expensive.

[Question] You have a fairly close link here with development, with the main department for electronics development. Do you consider this link good?

[Answer] I consider the link absolutely good, there is, I think, a 27 year tradition to this cooperation. Everyone feels the mutual dependency on the other. Helping each other is understood. The common effort is maximal, for production or manufacture requires documentation, preparing drawings, maintaining the documentation and this is still the task of the development main department. The blueprints, as material representing the greatest intellectual value, are the most jealously guarded treasure of development, and must be so in the future also.

[Question] Is this threatened by the fact that sooner or later they will go on a computer?

[Answer] They have been for 20 years. We have been doing the technical preparation on a computer for 20 years, so this also is closely linked with development, for after issuing the first page, the control card, this goes to the factory to get the material number and other data, and comes back from there. So even earlier there was a possibility for joint, standardized parts manufacture. The machine can compile this, and so this is more economical. So computerized technical preparation has been done on a large computer system, on a machine leased from the SZSZK, for 20 years.

[Question] How is cooperation with the MMT [Instrumentation and Metrology Faculty]?

[Answer] I cannot say that we have never argued in the interest of the common goal. Look, development, the university, is a different world than the factory. Those working there had to learn the needs of production. It may be that no one argued more with Professor Schnell in his life than I. But we worked for a good cause, and with success. Now we know one another.

[Question] What have you planned in regard to further technical development? I am thinking here of parts assembled on the surface and other more important techniques. For example, do you have concrete ideas already?

[Answer] The medium-range plan, which also figures in the enterprise strategic concept, is for development of metrology or for filling in a number of missing parts of the existing metrological techniques. First we want to make this system complete. We should know, recognize and pay attention to what is happening, what is new in the world in this regard, but in my opinion as long as something does not happen with the background industry in Hungary, as long as we are unable to develop the background industry, we cannot go forward, because it cannot satisfy even the present demands. In the case of a new technique, using a new technology, we have to rely 100 percent on imports, which is not possible under the given circumstances--in my opinion. Despite this we must gather information, must orient ourselves, so we will be ready to go forward when the possibilities open up.

[Question] I am informed that you have a role in the technical-social life of Esztergom, outside of your professional work. Does this fit in well with your work?

[Answer] It is my opinion that if one is to do professional work at a higher level and be able to get the information in Hungary then the most economical way to do so from the viewpoint of time is work done in the scientific associations, or the information obtained from them. There are serious traditions for this in Esztergom. I began in the GTE [Machine Industry Scientific Association] around 1958 and have been active in the MATE [Metrology and Automation Scientific Association] since 1962-63. For 15 years I was secretary of the city organization, then its president, and for the third year I have filled the president function of the MTESZ [Federation of Technical and Scientific Associations] organization which embraces the industry of the city and its environs. There are many possibilities here which--I feel--very many make little use of. Through the association one can get famous lecturers, one can hold conferences and large programs. Since they submit the materials it is an incredible advantage to be able to get access to the information months before the conference. It is possible for us to select the theme for a conference which is most interesting to us, or to move it in that direction. The Esztergom conferences have a past. I might mention the themes of electronics and automation, there were a number of programs in agriculture with very nice results, this made possible the creation of a new large product family. I would like to mention our large neurological programs in the area of medical technology, looking back on a decades long past. Recently there have been several large cardiological programs, thanks to which we began to deal with cardiological devices in 1978. In 1982 the cardiological family won the grand prize at the Budapest International Fair. And I am certain that the 3-6 channel microprocessor EKG developed in the new system, with which Medicor competed for the grand prize of the Budapest International Fair this year, proves that getting the information in place, through the scientific associations, and the close communication with famous experts makes it possible to go forward so intensively.

[Question] You came into the director's position from the technical side. Being an industrial leader is not a tranquil occupation today. Is it worth it?

[Answer] One cannot look at it this way, whether it is worth it. This cannot be approached from the money side, because I feel that it is absolutely senseless to compare the burdens, the work and the money. One can do this as a hobby, as a mission, but not for money. One cannot approach the thing with money alone.

[Question] In our introductory conversation you mentioned a motto, "estate, work, book"--if I jotted it down correctly. Would you say a few words about this in more detail?

[Answer] Yes, if a person is to work adequately at the job he has taken and be able to achieve results at it he has a great need for a company of colleagues with a critical view. This creates the conditions for us to work effectively. If we are to work successfully at all there is need for a family background, for a milieu or environment within the family background where a person can relax after serious exertion. The "estate" makes this possible. This is a plot on the banks of a lake 7 kilometers from Esztergom, which can ensure relaxation in half an hour. The third thing here is the book. As a collective concept the book means continually acquiring new information and drawing from

the new information the information needed to go forward. So this can inspire a person from several viewpoints; professional books in the professional direction, literature toward humane thinking, because I am a technical person in vain, there is this too. In my opinion one can reach the higher level of human contacts only by reading literary books. There must be a balance between the professional and the other, general information.

[Question] Thank you very much, and I congratulate you again, and through you your colleagues, for the nice honor bestowed on you, and I hope that we will again have an opportunity to talk on behalf of the readers of MAGYAR ELEKTRONIKA. I congratulate you in their name also.

#### Interview With Pal Zillich

[Question] Pal, we got to know one another in 1963, when we began to work at the same place in the OKL [Optical and Precision Engineering Central Research Laboratory]. You went to Medicor 15 years ago, and then--as I remember it--this area began from almost zero with the Picoscale development. You created this new organization and led the laboratory work at Medicor. Development of the MMT system, and the State Prize, is the result of 10 years' work. So it is just to ask, Do you have an intellectually homogeneous group around you?

[Answer] As for laboratory work, I feel that I do there, especially in regard to the earlier period in the area of the instruments developed in the hematology profile, but in addition we have now made progress in the area of biochemistry.

[Question] How many of you work here, how many engineers are there?

[Answer] There are 50 engineers in the main department. About half deal with development of laboratory equipment, the other half work for the developmental sections of Medicor, partly developing the MMT system and partly performing services connected with the MMT system.

[Question] Professor Schnell once said that carrying out such a project requires most of all a critical mass of intellectual capacity. Does that exist here?

[Answer] I feel that we could talk about a borderline case. On the basis of what has happened thus far, that is looking back over 10 years, it appears that there is, if we include the MMT collective of the Budapest Technical University. This critical mass does not exist in Medicor separately. When the cooperation began the goal was to concentrate the internal forces of Medicor, its engineering capacity, on the development of medical instruments, while the faculty developed the hardware and software module system.

[Question] How much time does it take to organize such a program? Do you still sit down to an oscilloscope? A few years ago you said that you never wanted to give that up.

[Answer] There is nostalgia today, but unfortunately it is increasingly rare that a person concretely analyzes signals with an oscilloscope, although it does happen.

[Question] Development of the MMT began 10 years ago. How did it begin and what was the role of the laboratory technique main department (a department then) in Medicor?

[Answer] There was a need to develop a complicated automatic measuring device, for hematology. We prepared circuit solutions performing all the functions with the traditional digital technique, and we discovered that this device, in regard to metrology and services provided, was a monster, in the sense that it was very complicated to operate and service, and in price it represented considerable extra that everything had to be done with traditional digital methods. It was recognized then that this could be done adequately only with a processor; the cooperation with the faculty to develop such a system developed in connection with this.

[Question] What was your role in this?

[Answer] To return to the automatic hematology device, this was team work in which the faculty people also participated. Formulating the functional system design and making all the special hardware was our task, while the universal hardware and the program for the device were prepared with the cooperation of the faculty.

[Question] Several professional and other questions always arise for such a large system element base, now including both hardware and software. I might formulate the first by asking how you avoided redundancy in the module system. If a uniform system is developed someplace there is always redundancy in the individual applications. What is the guarantee that this will not be too great?

[Answer] In the case of such a module assortment the minimal redundancy derives from the fact that the bus surface is large enough and can be expanded further with bus connections. Naturally this requires bus drives, and at present these bus drives are on the existing 55-60 types of hardware elements. When making smaller devices we leave off the bus drives. So we developed a card with processor, RAM and ROM memory and I/O surfaces which by itself, at the single card level, is capable of being made into a microprocessor device. With this MPU card and by connecting an additional four cards we cover a rather broad spectrum in use in smaller size medical equipment. In addition the MMT system supports development of single card devices too, which naturally is already a concretely goal oriented system, and there is no redundancy here.

[Question] What in the system design ensures the possibility of further development in such a swiftly developing area? I am thinking of how new parts, integrated circuits, are appearing, and the 16 bit microprocessors are spreading too.

[Answer] One path in system development is that we are making user circuits for those circuit solutions which several IC's solve now. All this helps replace import. The other possibility for further development, let us say, is an INTEL multibus system, which can accept 8-16 bit systems. Obviously the creation of 16 bit or 32 bit systems is not a fashion, rather we can regard it as the path of the future, but we must say that at least 95 percent of the applications in medical instruments can be covered with an 8 bit system. In regard to industry this is perhaps more true where they must measure or control slow processes.

[Question] One more question in connection with the system. I recently heard from a colleague working in the developmental leadership of an enterprise using the system that the spread of the system is held back by the fact that its software is very expensive. What is your opinion about that?

[Answer] The method we developed to generate software prices was approved by the KSH [Central Statistics Office]. In addition to the size, degree of complexity and maintenance need of the program we divide the costs of development by the number of units we expect to sell during the period the software is for sale. So we divide up the costs. Obviously there is need for a review in connection with the price of the software. It should be noted that the domestic software background has strengthened since the software was developed and maybe it might be said that some of the programs are expensive.

[Question] Are the leaders of the applications system or those who work at the heart of the system satisfied with its spread in Hungary?

[Answer] Despite the fact that there was no real advertising in connection with the MMT system we feel that those who learn about the existence of the system, about its utility and advantages, are seeking us out. We are now talking with firms about taking over the license and the know-how. I would like to add that developing such a system and the complex technology means a sum of at least 100 million forints, and those using the MMT system get practically the whole system with a contribution of 1-2 percent.

[Question] Is there a similar system in Hungary which might be regarded as a competitor?

[Answer] There are a number of module systems in Hungary. In the ESR [Uniform Computer Technology System] and Eurocard size in regard to hardware. But we feel that not one of these systems has been able to reach the level where it has a complete developmental, manufacturing and service background. In addition, a significant software background supports use and development of the system to a large degree.

[Question] I have heard that you are working on a version based on a socialist or Soviet parts base.

[Answer] Yes. Element replacement not requiring so-called topological, that is card topology, changes is under way. To do this the testing of IC's had to be done within the firm, and essentially this is the first phase which we have carried out. The next phase is to use the previously mentioned BOAK's

[equipment oriented circuits] or socialist IC's with higher integration and other socialist parts. Hopefully this will reduce the import proportion to near zero, or to a few percent.

[Question] Is contact with the Microelectronics Enterprise (MEV) good?

[Answer] We have very good contact with the MEV; they are making a number of hybrid circuits for Medicor equipment. Medicor handed over to the MEV the element assortment and developmental documentation for the entire MMT system, and we intend to carry out the switch to user circuits jointly with them.

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## RESEARCH AT BME FACULTY OF INSTRUMENTATION, METROLOGY

Budapest MAGYAR ELEKTRONIKA in Hungarian No 3, 1985 pp 16-17

[Article by Dr Laszlo Schnell, faculty head, university professor: "Selections From the Work of the Instrumentation and Metrology Faculty of Budapest Technical University"]

[Text] The Instrumentation and Metrology Faculty (MMT) is one of the largest faculties of the Electrical Engineering School of the Budapest Technical University (BME). It has about 50 graduate instructors and researchers, 25 non-instructor personnel, 3-4 aspirants and 8-10 electrical engineers participating in postgraduate instruction.

The instruction profile of the faculty includes metrology theory, metrology technique, electronics, digital techniques and the design of various electronic instruments and measurement systems. Computer technology has a significant role in the cultivation of these themes. It is the so-called mother faculty for about 60 percent of the students of the specialty (each year's class has 80-100 students); this means that the faculty provides the greater majority of the subjects in the higher years and guides the diploma planning.

Equipment is good by domestic standards. The computer network has three PDP 11 computers with a total of 1.5 M bytes of operational memory and 500 M bytes of disk background memory connected to about 40 terminals. In addition 10 data collection microcomputers (MOD81) are connected to this same network.

Students can use the regularly operating (12 hours per day) services of the computers practically without restriction.

In addition to the very many-sided instruction the faculty does significant research and development work which in some cases extends to introduction of manufacture or manufacturing a few units.

I would like to provide a brief glimpse into this work.

Modern instrumentation increasingly requires tools and methods which make possible the creation of large capacity, highly complex, intelligent devices. Microprocessors and their auxiliary elements created as a result of

microelectronics developments have a significant role in the realization of this goal. But there are numerous preconditions for the use of these, and it was our idea to facilitate this also, by developing a suitable background and system of conditions, for those enterprises which do not cultivate electronics as a chief mission. Thus, beginning in 1976, we began to develop the MMT microprocessor applications technique system which has developed, with the cooperation of Medicor, in such a way that one can purchase the hardware and software elements of it partly from Medicor and partly from other enterprises.

In addition to the background needed for product development the MMT system contains a manufacturing, final test and service system for elements and devices, a documentation system and an instruction system for enterprise introduction and thus it can be regarded as an integrated design-manufacture-test (CADMAT) system. The reality of the idea is proven by the fact that today 21 enterprises use these achievements.

Thus far the Esztergom Factory of Medicor has manufactured and used or sold about 15,000 Europa size cards and we know of their use in about 100 different types of instruments or devices. The software elements supporting the system are especially worthy of note. The MMT system is being continually further developed; more detailed information about this can be read in the article dealing with the MMT system.

The new possibilities opened by microelectronics also make necessary a penetrating review of theoretical questions because the new possibilities give practical significance to a number of results previously considered only theoretical. For this reason a number of themes connected with metrology theory and signal processing also figure among the research results of the faculty.

A significant part of the research and development activity of the faculty is made up of those device developments which are either prototype units of products to be manufactured by various enterprises or custom equipment made at the faculty. Let us list a few of the more important from the work of this nature in recent years (the name of the commissioning or manufacturing unit is given in parentheses, an asterisk indicates that elements of the MMT system were used, thus substantially reducing the time for development):

- MMT development terminal (Texelektro)\*,
- MMT card tester (faculty)\*,
- simple development-testing tools for the MMT system\*,
- an automatic meteorological station system (Gamma)\*,
- an 8 channel measurement, data collection and evaluating system (VKI)\*,
- MOD81 modular medical data collection system (Medicor)\*,
- intelligent medical technology equipment (Medicor)\*:
  - myograph analyzer,
  - respiratory function testing device,
  - automatic hematology device,
  - EKG signal analyzer family,

- physiological signal processing research laboratory system(Kobanya Pharmaceutical Factory)\*,
- automatic meter transformer certifying equipment (Transvill, OMH [National Metrology Office])\*,
- automatic equipment to measure capacity and loss factors (MKM [Hungarian Cable Works])\*,
- automatic equipment to measure telephone cables (MKM)\*,
- precision impedance meters (Telmes),
- electronically compensated meter transformer (OMH),
- intelligent plotter (Radelkis)\*,
- highly sensitive programmable meter amplifiers,
- MMT-HNS hierarchic local network system\*,
- MPS modular power unit family (Texelektro),
- MMT printed circuit designing system (Medicor)\*,
- logic analyzer\*,
- a device tester programmable in the BASIC language\*,
- microprocessor elevator control\*,
- remote control of microwave radio system (TKI [Telecommunications Research Institute])\*,
- development of service device for MMT system\*,
- a digital image processing system (Medicor)\*,
- ultrasonic rail tester (MAV [Hungarian State Railways])\*.

On the one hand the listing gives a picture of the more important directions of faculty research and development work, on the other hand it shows how the microprocessor base developed can be used effectively over a broad scale of applications. The articles following here will report in detail on a few of the above.

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## MICROPROCESSOR SYSTEM OF INSTRUMENTATION, METROLOGY FACULTY

Budapest MAGYAR ELEKTRONIKA in Hungarian No 3, 1985 pp 18-21

[Article by Gabor Horvath, Istvan Kollar, Gabor Peceli and Endre Selenyi: "The MMT Microprocessor Applications Technology System"]

[Text] Since the middle of the 1970's the Instrumentation and Metrology Faculty (MMT) of the Budapest Technical University has been dealing with the development of microprocessor instruments. In the course of work connected with the first such instrument, an automatic hematology device now being manufactured by the Medicor Works, the work group of the faculty recognized that the development and manufacture of microprocessor devices posed qualitatively new requirements in regard to the developmental and manufacturing background, and that this background could be made uniform for devices in the same category. This background, developed with several years' work on a commission from Medicor, is what we call the MMT system. More than half of the graduate staff of the faculty participated in the development so that we can say that the MMT system is really the achievement of the work community of the faculty.

## Introduction

Workers from the faculty have already reported on results achieved thus far with the MMT system at a number of forums, therefore in this article we will give only a brief review of the most important goals and components of the MMT system, placing the emphasis on describing the present situation and the more essential trends for further development. When creating the MMT system the goal was to create an efficient microprocessor applications technology system which could be used effectively even by enterprises not dealing with computer technology as a chief mission, did not have a high level computer technology culture and did not have the goal of creating one from the basics, on their own. In accordance with this the MMT system is an integrated designing-manufacturing-testing (CADMAT) system which provides the starting level and appropriate background (devices, methods, technologies) needed for the economical creation of microprocessor equipment.

So the MMT system is not only a complex microprocessor card system but rather a good bit more. It is an efficient system, which can be used independently, for building from universal modules built up from basic elements which can be

further developed flexibly and which extends to all phases of manufacturing microprocessor devices from the developmental work to service.

#### Chief Parts of the MMT System

In accordance with the above the chief parts of the MMT system are the following:

- a hardware system;
- a software system'
- a developmental background;
- a manufacturing, final testing and service system; and
- a documentation system consistently supporting the foregoing.

#### The Hardware System

The present level of the MMT hardware system is built of catalog LSI-MSI-SSI elements with the classical printed circuit technology. The standard EUROCARD size cards in multiple card devices are linked by a similarly standardized processor-independent bus with a data width of 8 bits and the individual system element cards realize one or more functional units of the microprocessor system (CPU, memory, SIO, PIO, timing, prepage drive, bus connection, etc.).

We have prepared the hardware system in several versions. These are compatible from the viewpoint of the architectural and functional-logical level but they differ in regard to their mechanical and electrical parameters.

The standard version is the most important. At present it consists of about 50 completely documented cards manufactured in series (or going into manufacture).

In the standard version one can connect about 20 cards (or 40-60 cards with the aid of an expansion card); in a typical case these are largely system element cards providing standard functions; to a lesser extent they are special cards made by the user. The loading relationships are the primary limit on the number of cards which can be connected together in one system.

The so-called mini-version was prepared primarily for use in small systems where, in addition to the central unit card supplied with memory, PIO and timing unit, the use of a maximum of 3-4 other functional modules is sufficient.

The system element cards are manufactured and sold by the Medicor ELFI (Esztergom); present production is about 5,000 cards per year.

#### Software System

The MMT software system makes possible the building in, as modules, of typical functions of various devices and their efficient development with the aid of programming principles, tools and methods.

It consists of three main parts:

- software preparation technologies,
- system programs fitting the technologies, and
- user libraries of system programs.

The software preparation technology is the highest level element of the system; it includes the programming language, programming principles and methods, programming and documentation conventions and concrete programs and documentation supporting the technology. Such technologies are, for example, a realtime programming technology based on a macroassembler and the so-called REAL-PASCAL development technology, which offers high level linguistic tools for realtime programming.

The system programs fitting the several technologies represent basic software elements which can be used to build up microprocessor devices (monitors, operating systems, translation programs, auxiliary programs).

The system programs are suitable for creating a user library around standardized concepts, surfaces and services. These libraries are already user oriented, thus they contain functional software modules characteristic of a narrower user area. These are, for example, the arithmetic and graphic program package, the signal processing module library, etc.

At present the software system is made for a Z80 processor, but some of it also runs on an Intel 8085 processor.

#### The Development Background

The development background has multiple levels. The several levels are as follows, from above downward.

- a. On PDP-11/TPA-11 computers there are cross-assembler, PASCAL translator and a running system.
- b. The DT-80 developmental device prepared with use of the MMT system is the most important auxiliary tool in the system for complex microcomputer developments. It makes possible translation, loading, "host/target" mode runs, emulation, use of complex break point conditions, indication of prior states, etc. (It is manufactured by the Texelektro Industrial Cooperative.)
- c. Another auxiliary developmental tool is the MOD-81 modular data collection equipment. This microprocessor controlled device was originally made for the purpose of medical data collection but it is also suitable for universal purposes. The various translation and running systems can be used on it and a simple break point unit aids program loading. (The MOD-81 is made by the Medicor ELFI.)
- d. Less demanding developmental tasks can be solved outstandingly on the so-called GOLD configuration; this is a minimal microcomputer made up of standard MMT cards with a small monitor program running on it. Any user can put together the GOLD configuration from cards which can be purchased.

We fitted the developmental tools described in points b, c and d to the time sharing operating system of the PDP-11/TPA-11 computers. Such a system, containing 10-20 different development work sites connected to a central minicomputer, is operating, for example, at the Instrumentation and Metrology Faculty of the Budapest Technical University and at the MMT Users' Association.

#### Manufacturing, End Testing and Service System

In many places even today assembled microcomputer cards are tested by hand. This is very exhausting and in general it does not mean a comprehensive test, for at the present level of complexity it is impossible to test all or even nearly all functions. For this reason automatic testing is indispensable to the manufacture of reliable device controls. In accordance with this the most important element of the manufacturing, end testing and service system is the card tester serving to test system cards. This is suitable for testing cards fitting the MMT bus. It tests good cards automatically; human intervention is needed only for fault localization on bad cards. (The article by Andras Szegi describes the card tester.)

Simple development-testing tools facilitate the simpler tasks of card development, manufacture, testing and service. These are:

- a bus monitoring card,
- a simple state storage and RAM write protect card,
- an enhancing-TTL drive card,
- an indicator number analyzer card, and
- a GOLD command expansion aiding hardware testing (HTM monitor).

A self-test system now under development will be an important tool for final testing.

The most important element of the service system is a service device (microSER '84) which will be manufactured soon; this is portable and so will also support service of installed devices.

#### The Documentation System

The MMT system has detailed documentation for every element which provides all necessary information for users. This is supplemented by documentation summarizing the prescriptions ensuring the uniformity of the system (bus definition, card documentation rules, hardware design aids, etc.).

There are two types of documentation for the system element cards:

- a. The developmental documentation needed to use a card is a pamphlet of 30-60 pages which contains the information needed for configuration, programming and test measurements, a detailed operational description, the time diagrams, review tables aiding better operability and, when needed, the data sheets for the LSI elements used.

b. The manufacturing documentation for a card is prepared with the aid of the AUTER system after manual design of the printed circuit and it ensures the suitable quality of the printed circuit sheet.

There is a pamphlet for each software element which contains the program or programs given and all information needed to use it.

#### Status of the MMT System Today

The first elements of the MMT system were prepared in the second half of the 1970's for the use of Medicor and the faculty. But it was soon evident that the goal and the specifications met the needs of a number of enterprises. As of the writing of this article 21 enterprises have purchased the know-how of the MMT system and the right to use it. These enterprises include not only instrument manufacturers but also a number of enterprises which expected and received from the MMT system aid for their internal innovation and production modernization work.

Their economic considerations in using the MMT system are similar to those of small and medium series instrument manufacture--use of ready made universal elements means a saving in time and in intellectual energy of such magnitude that the cost increasing effect of the inevitable redundancy following from module system construction is not significant.

A significant number of the enterprises purchasing the right to do so have already made use of the MMT system, initial results are appearing, and although the evolution is still awaited at a relatively large number of enterprises the results thus far unambiguously justify the correctness of the goals.

In part to accelerate use of it and in part to reduce the burdens falling on the faculty (holding courses, consultation, coordination, documentation tracking and maintenance, etc.) and for a few other reasons the MMT Users' Association was formed in 1982 with the participation of six enterprises and the university and with the support of the OMFB [National Technical Development Committee] and the Ministry of Industry. Its chief task is to aid use of the MMT system at the several enterprises through its coordination and service activities.

Thanks to the above complex background we can report the many-sided use--in a relatively short time--of the MMT system, beginning with medical technology equipment (Medicor), through electrochemical instruments (Radelkis) to the control of central heating and control of gas lens extraction (Texelektro). A good number of publications about all this have appeared already so we do not turn to a description of them here but simply refer to a published bibliography which contains data on publications which have appeared in connection with the MMT system. We would simply like to indicate the order of magnitude of the results achieved thus far by noting that the MMT system has been used to develop about 30 devices, or to solve applications technology tasks, at the faculty and developmental results of similar magnitude have been achieved at Medicor too. Although the results thus far for other users are

rather modest it can be stated overall that the MMT system has become a functional factor in domestic electronics development.

Further development of the system has begun as a result of its wide use. The faculty is the fundamental base for this. In connection with the further development we must again stress the fundamental peculiarity of the MMT system, that it is an open system which makes possible significant further development without having to give up the existing achievements, and that it makes possible an expansion meeting the special needs of system owners. The broad and basic documentation makes it possible for enterprises owning the system to use it completely independently after the initial learning time without requiring any later aid or service. For the most part the users owning the system make the expansions satisfying special needs themselves, but at the same time most of the member enterprises do not want to do general purpose further developments themselves, because in general they would prefer to use their small qualified expert staffs to solve really special enterprise tasks. The faculty is trying to satisfy these needs.

#### Major Trends of Further Development

When planning the "central" further development of the MMT system we must start from the present characteristics of the MMT system and from the present circle of users. The chief characteristics are the following:

--The system is well developed from the viewpoint of developments based on the Z80 processor;

--Universal cards are in series manufacture with a quality permitting the reliable creation of a microcomputer basic system in days;

--The necessary software development technologies and program packages for the Z80 processor are available;

--There is a service and self-test system; and

--As a result of the modular construction fitting in special hardware or software elements is relatively easy.

We should mention the following in connection with the circle of users:

--In addition to small and medium series manufacturers of instruments the preponderance already lies with enterprises desiring to carry out internal innovation and production modernization;

--In accordance with this a need for uniform solutions to industrial applications problems has increased; and

--A significant part of the tasks do not exceed the capacity of an 8 bit microprocessor.

On the basis of the above we came to the conclusion that the great majority of the enterprise needs could be satisfied with a suitable further development or expansion of the MMT system. We know very well that in the future there will be a gradual spread of 16/32 bit systems and so within a few years we will have to solve the introduction of 16 bit processors, but for the time being this does not call in question the utility of the existing 8 bit system. As long as the Z80 can be expected to satisfy the tasks it would be irrational to assume the burdens of replacing it entirely.

Thus far we have achieved more significant results in connection with the further development of the MMT system in the following areas:

- creating an industrial peripheral card system;
- developing solutions increasing reliability and stability
- increasing the signal processing capacity of the Z80 with special solutions:
  - adding an arithmetic processor, and
  - adding bit-slice elements to the MMT bus;
- experiments on using 16bit processors within the present system (for example an MC 68008 and an Elektronika 80);
- creating a technology for distributed control by developing a local network system; and
- making programming work easier and more reliable by using high level languages.

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## PRELIMINARY DEVELOPMENT PLAN OF MICROELECTRONICS ENTERPRISE

Budapest MAGYAR ELEKTRONIKA in Hungarian No 3, 1985 pp 58-60

[Article by Bela Laczko: "Preliminary 5-Year Development Plan of the MEV"]

[Text] This developmental conception constitutes the chief targets of the microelectronics development program for the MEV [Microelectronics Enterprise] for the Seventh 5-Year Plan period. It is not a detailed manufacturing and development plan with the customary quantitative indexes but rather a series of ordered ideas which serves as a basis for debate and it may be formed further and made concrete in this debate. Since it is a microelectronics program it concentrates on IC manufacture. Basically we can observe three chief trends:

--From the more distant qualitative and quantitative viewpoint it contains a new development requiring significant investment which has as a goal the domestic realization of HMOS technology which can be characterized, in regard to the necessary geometric size, by 2 micron resolution;

--In the middle range it contains a development which can be realized on the present base, without investment, which can realize a few new devices; this is the so-called 3.5 micron technology;

--In the short term there is a development containing a number of smaller tasks having as a goal development of assortment according to encapsulation, taking into consideration the changed parts needs of modern assembly technologies.

It is important to note that the triple goal means actual progress, providing a base to permit further development of microelectronic parts manufacture in Hungary in the next 5-year plan too. The plan has "high dynamics" and defines a vigorous developmental pace compared to present conditions, but it also creates objective foundations for later development.

#### Long-Range Development Concept

For the end of 1987 the MEV plans to install a new developmental technological line which, beginning in 1988, will ensure--without disturbing mass manufacture--the introduction of newer technological procedures for developers

and the experimental manufacture of the new types developed. This developmental line will be capable of processing 4 inch (about 100 mm) wafers and must be suitable for cultivation of precision photolithography. The HMOS-2 technology which they want to realize on this can be characterized by a line width of 2 microns, which is provided by a special photolithographic process, "direct step on wafer" (DSW). With this technology one can make high element density, high speed n-channel devices. At present these are highly complex circuits, for example the 64 K bit static RAM's, the 500-2,000 gate gate arrays and other special LSI circuits. The HMOS-2 technology will create a possibility for manufacture of video, audio and deflection processors, audio frequency analog-digital transformers and frequency division and timing circuits for digital radio and television sets. In addition to what was listed it will be possible to make other highly complex circuits--in computer technology or according to needs arising in other areas of industry.

#### Medium-Range Development Tasks

##### MOS Development

There are a number of goals in the 5-year development plan of the MEV which contain tasks which can be solved with a minor further development of the present technological base.

One of the chief ones is designated HMOS-1, which can be characterized by a 3.5 micron line width, the development of a high speed MOS technology, or adopting the technology in the event of a license purchase. The circuit characteristic of the element density which can be obtained is the 16 K bit static RAM. It will also be possible to make other circuits of medium element density--for computer technology, automation, consumer electronics, communications, etc. According to the plans the remodeled manufacturing line (suitable for processing 100 mm wafers) would be in operation by the end of 1986.

The circuit technology using a double polysilicon layer offers many possibilities for increasing element density. It can be used to make 16 K bit EPROM's and later EEPROM's (electrically reprogrammable ROM memories). One could also make filter and CODEC circuits for PCM telecommunications equipment, thus contributing to satisfying the high volume parts need for reconstruction of the telephone network.

The third important goal is further development of CMOS technology. The 3-3.5 micron line width HCMOS technology is suitable for manufacture of small consumption processors and memories. The technology can be characterized by the 8035 and 8048 processors and by 16 K bit CMOS RAM's. It is suitable for series manufacture of the more complex members of the CD4000 logic circuit family and, naturally, for the production of many other demanding CMOS circuits--for example the circuits of video recorders.

##### Bipolar Development

Supplemented by the special equipment needed for the bipolar technology (for example, an epitaxial layer grower) the manufacturing line based on the Soviet

license is suitable even now (by the end of 1985) for manufacture of circuits for the 74 LS series. The technological development planned for the second half of the plan period--achieving a 4 micron line width and introducing double metallizing--will also make possible manufacture of complex function elements for LSTTL's. The development of a family of bipolar gate arrays with a 200-500 gate equivalence, 2 mW/gate dissipation and a delay time less than 6 microseconds is a realistic goal at the level of the planned development.

One oxide insulation version of the above technology is the FAST technology (a Fairchild trademark). We attribute great importance to domestic development of it because foreign trends show that this will be the basic technology for traditional bipolar logic circuits in the near future. Circuits made with the FAST technology have about 10 times less gate delay than the LSTTL's, with no greater dissipation.

The further development of analog circuits is a very important trend in bipolar development. More and more very complex, special function circuits are appearing on the foreign market, which greatly increases the design possibilities of domestic developers--for example, developers of video and telephone technology--creating a possibility for production of modern products.

The semifinished analog array circuits also offer many possibilities for solving special but complex tasks. Two layer metallizing makes it possible to increase complexity and the 20 V and 40 V closing voltage versions could satisfy many circuit needs.

#### Development of Hybrid Circuits

Two enterprises in Hungary are active in hybrid technology, the MEV and Remix. The division of labor between the two enterprises determines the directions of development also. Remix has set up for large series mass manufacture and a new manufacturing line will start up this year. The small output line of the MEV satisfies special needs in small series and is suitable for production of high complexity hybrids. The MEV does not plan to expand manufacturing capacity. Increasing complexity and design and small series manufacture of HLSI (high complexity hybrid circuits) multiple layer, user oriented circuits are the prescribed goals in this area for the Seventh 5-Year Plan. The new large pin number capsule types (chip carrier, pin grid array) developed in the MEV-KOPORC cooperation will be able to satisfy the needs of users better than at present and will help increase element density and the complexity of functions.

Over the long run also the chief developmental areas for hybrid technology remain the high frequency and high speed circuits. The instrument industry and telecommunications frequently need such special circuits. The AD and DA converters for digital signal processing and the circuits for medical electronics telemetric systems can be realized well with the high complexity hybrid technology. Hybrid technology is also suitable for producing circuits for petroleum industry equipment operated at extreme environmental temperatures (180-240 degrees Celsius).

## Development to Raise Technological, Design and Testing Levels

The fundamental developmental tasks summarized thus far will essentially create possibilities for making circuits. In order to exploit these possibilities, in order for a microelectronic part to go from an idea to a realized, reliable circuit which can be built in, there must be a very complex technological-design-test "chain" operating at a very high level.

### Designing

Even now the MEV has a microelectronic designing system at the world level and a few outstanding experts. This already makes it possible for them, without further ado, to carry out type designing (use of catalog circuits), custom designing of special circuits and computerized design of cell library, gate array, analog array and ULA based semifinished circuits--to a medium level of complexity. One of the central themes for further development is development of cell libraries based on the HMOS-1 technology which fit the CD 4000 and the 74LS families. Automatic wiring programs for gate array and ULA type circuits will greatly help users to design their own circuits. Special mention must be made of the design of analog cells and analog arrays containing 200-1,000 elements and of the preparation of testing programs, which is a more complicated task than designing a gate array. The type designers will design NMOS, CMOS 74LS and industrial linear and consumer circuits.

### Quality Control

Quality control is a very complex theme area for the manufacture of microelectronic parts. Checking the many, many technological steps is a fundamental condition for an appropriate manufacturing outcome, for building in reliability technologically. The user is interested in the final result, that under the given conditions the circuits built in will operate for a long time, preserving their parameters. The MEV wants to ensure the manufacturing outcome and appropriate quality with constant supervision of the technological operations, beginning with the classification of the primary and auxiliary materials. A complex system of reliability tests must be used on every part to be assured of the reliability of the product delivered. Creating and expanding the testing conditions are very important tasks for the MEV and they require real intellectual and material expenditures.

A study of the applications technology questions is organically interdependent with the above but is an independent task. Most parts manufacturers "try out" their parts, offer applications examples and study the connections of the users and the operation of the circuit in the given function. This aids cooperation with the users and in a given case makes it possible to clear up many disputed questions.

### Encapsulation

Even in our country a demand is arising ever more frequently not simply that an integrated circuit be available but rather that it be available in the desired capsule, with the desired degree of reliability. We cannot say that this is not justified but only that it is not easy to do. It is a praiseworthy aspiration of the MEV that it wants to get beyond, as soon as possible, a

state of affairs where what is important is to make a part at some level, and then the user makes something out of it. Let us look at what the MEV is planning in the interest of all this!

A number of factors show that the MEV designers have paid better attention to the question of encapsulation, among the many problems connected with technological operations. In our opinion three basic points should be stressed:

--Suitably assembled (encapsulated) circuits are needed to develop the equipment manufacturing technologies of users and to introduce new technologies (for example, SMD and devices assembled on the surface);

--The type of capsule or the technology of microelectronic assembly fundamentally determines the reliability of the device;

--In general an increase in the complexity of circuits is accompanied by an increase in the number of leads, which cannot be realized with traditional DIP (dual in-line packaging), or which would result in circuits of gigantic size.

The above three requirements have resulted in a spectacular development in recent years. Development of new capsule types--SMD, chip carrier, pin grid array (using the English nomenclature in the absence of an appropriate Hungarian expression)--require technological preparation by both parts manufacturer and user in order to manufacture them or to make equipment out of them.

The MEV began preparations last year, experimental work on encapsulation of plastic capsule devices began and, in cooperation with the KOPORC, they began to install a manufacturing line for ceramic DIP, ceramic element carrier and multiple-pin pin grid array. In regard to the users' prospects of getting relatively easy access to the new encapsulation devices in the near future see the data in the following small table.

1984	SOT transistor	(SMD)
1986-1988 (depending on number of pins)	SOIC	(SMD)
1986	MELF diodes	(solderable end subminiature diode)
1986	CC	(ceramic element carrier)
1987	pin grid array	(from 64 leads upward)
1989-1990	PCC	(plastic element carrier)

These tasks represent for the MEV developers a development of technology, preparation of new equipment and further development of measurement techniques (clamps and feeders). They are not small tasks, but we hope that they will be performed successfully.

#### Summary

We have described the MEV development plan at the request of Gyorgy Wollitzer, technical director for development, and on the basis of his information, but in our own formulation. We hope that the users of parts will agree with us that there are hopeful motifs in the plan.

In my opinion realization of what is contained in the plan would put a stop to that distressing trend indicated by the swift growth of the backwardness of Hungarian electronics. Just to put a stop to the growth of the "gap" would be an important initial achievement which we could make use of in the development of our electronics industry and in the spread of electronics throughout the economy.

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